

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	193.44	0.00	10.30	203.74	0.00	9.30	202.74	202.74
Personal Services	8,156,927	1,006,877	364,165	9,527,969	1,097,379	504,014	9,758,320	19,286,289
Operating Expenses	6,057,344	921,577	434,974	7,413,895	934,369	168,900	7,160,613	14,574,508
Equipment	100,165	0	40,000	140,165	0	0	100,165	240,330
Capital Outlay	0	0	0	0	0	0	0	0
Grants	7,160,481	0	1,292,000	8,452,481	0	692,000	7,852,481	16,304,962
Benefits & Claims	198,773,021	8,427,196	7,968,661	215,168,878	11,592,362	7,969,032	218,334,415	433,503,293
Transfers	0	0	0	0	0	0	0	0
Debt Service	9,741	3,030	0	12,771	3,300	0	13,041	25,812
<b>Total Costs</b>	<b>\$220,257,679</b>	<b>\$10,358,680</b>	<b>\$10,099,800</b>	<b>\$240,716,159</b>	<b>\$13,627,410</b>	<b>\$9,333,946</b>	<b>\$243,219,035</b>	<b>\$483,935,194</b>
General Fund	46,295,501	2,603,310	2,309,174	51,207,985	3,164,836	1,721,360	51,181,697	102,389,682
State/Other Special	22,385,363	6,555,989	2,156,601	31,097,953	7,341,465	2,289,071	32,015,899	63,113,852
Federal Special	151,576,815	1,199,381	5,634,025	158,410,221	3,121,109	5,323,515	160,021,439	318,431,660
<b>Total Funds</b>	<b>\$220,257,679</b>	<b>\$10,358,680</b>	<b>\$10,099,800</b>	<b>\$240,716,159</b>	<b>\$13,627,410</b>	<b>\$9,333,946</b>	<b>\$243,219,035</b>	<b>\$483,935,194</b>

**Program Description**

The Senior and Long Term Care Division (SLTC) plans, administers, and provides publicly-funded long term care services for Montana's senior citizens and persons with physical disabilities. In addition, the division provides education and support regarding aging and long term care issues to Montanans of all ages. The division makes services available through six major programs:

5. The Office on Aging provides meals, transportation, public education, information and assistance, long-term care ombudsman and other services;
6. Medicaid Community Services Program pays for in-home, personal assistance, assisted living, and other community-based services to Medicaid-eligible individuals as an alternative to nursing home care;
7. Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 94 Montana nursing homes;
8. Protective services, including the investigation of abuse, neglect and exploitation, are provided by adult protective services social workers;
9. Skilled nursing facility care is provided to veterans at the 105-bed Montana Veterans' Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veterans' Home in Glendive; and
10. The State Supplemental Payments Program pays for a portion of the room and board costs for Supplemental Security Income (SSI) eligible individuals residing in designated residential care facilities.

Statutory References: Aging Services, 52-3-201 et seq., MCA, (Protection Services Act for Aged Persons or Disabled Adults), 52-3-501 et seq., MCA, (Montana Older Americans Act), 52-3-801 et seq., MCA, (Montana Elder and Developmentally Disabled Abuse Prevention Act); P.L.89-75 (Federal Older Americans Act), P.L. 93-66 Section 212, P.L. 93-233 (authorizes states to supplement the Supplemental Security Income Amendments to the (SSI) Payments Program Social Security Act); Veterans' Homes, 10-2-401, MCA (authorizes and establishes Montana Veterans' Homes); 53-1-602, MCA (Eastern Montana Veterans' Home); Medicaid, Title 53, Chapter 6, MCA; Title 19, Social Security Act 42 USC 1396 et. seq. (establishes and authorizes Medicaid Program).

## Program Highlights

<b>Senior and Long Term Care Division</b> <b>Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The total division increase is \$36.4 million over the 2009 biennium compared to the 2007 biennium, including a net increase of \$8.7 million general fund and \$15.9 million state special revenue</li> <li>◆ Medicaid services grow \$33.5 million total funds, including \$9.1 million general fund and \$10.7 million state special revenue, with the following expansions and contractions <ul style="list-style-type: none"> <li>• Largest increase is due to annualization of expansions authorized by the 2005 Legislature (\$18.0 million total funds, including \$7.7 million in state special revenue and a net reduction of \$1.6 million general fund)</li> <li>• Medicaid cost increases partially offset by projected ongoing declines in nursing home services (\$3.8 million, including \$0.9 million general fund)</li> </ul> </li> <li>◆ Increases of \$4.8 million for veterans' homes, funded almost entirely out of cigarette tax funds and for the support of the Montana Veterans' Home, including funding for 5.80 FTE and several remodeling and facility upgrades</li> <li>◆ Reinstatement of \$1.7 million general fund for Meals on Wheels and in-home care giver services, which were authorized as one-time-only appropriations by the 2005 Legislature, and a \$0.3 million increase for meal programs</li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>◆ LFD estimate of nursing home present law caseload (bed days) declines at an annual rate of 1.5 percent, resulting in a \$0.6 million state funding difference from the executive estimate</li> <li>◆ Funding for Medicaid nursing home costs lacks transparency, making it difficult to determine general fund amounts necessary to support the executive budget</li> <li>◆ Transitions from nursing facilities into community waiver services has declined over the last three years</li> <li>◆ Veterans' homes cigarette tax ending fund balance <ul style="list-style-type: none"> <li>• Significant increases in spending that match revenue growth due to the 2005 cigarette tax increase</li> <li>• Use of ending fund balance if federal revenue and private revenue are insufficient to fund 2007 biennium costs</li> <li>• Significant increase (30 percent annual growth rate) in statewide and agency indirect costs charged to the veterans' cigarette tax revenue</li> <li>• Beyond LFD staff time and resources available during budget analysis to fully evaluate</li> </ul> </li> <li>◆ Internal DPHHS estimates of reimbursement for Montana Veterans' Homes is \$2.4 million higher than funding included in the budget request and could offset cigarette tax funding</li> </ul>

**SLTC Division Budget**

Figure 74 shows the SLTC base budget compared to the executive request for each year of the 2009 biennium by major function and for each benefit and grant. Medicaid services account for 90.2 percent of the total division budget request in FY 2009 and Medicaid nursing home services are the largest budgetary item, accounting for almost two thirds of the FY 2009 budget request.

Figure 74

**Senior and Long-Term Care Division 2006 Base Budget Expenditures and 2009 Biennium Executive Budget Request by Major Function and Service**

Function and Benefits and Grants	FY 2006 Base Budget				FY 2008 Executive Budget Request				FY 2009 Executive Budget Request				% of Total
	General Fund	State Special	Federal	Total	General Fund	State Special	Federal	Total	General Fund	State Special	Federal	Total	
Division Administration	\$156,580	\$48,280	\$145,409	\$350,269	\$156,811	\$48,394	\$145,629	\$350,834	\$158,226	\$48,845	\$146,942	\$354,013	0.1%
Medicaid Services	42,494,853	16,143,044	141,185,498	199,823,395	45,597,591	22,991,787	147,568,463	216,157,841	46,129,349	23,748,773	149,427,975	219,306,097	90.2%
Aging Services	2,106,765	0	6,723,629	8,830,394	3,606,305	0	7,124,368	10,730,673	3,032,250	0	6,832,348	9,864,598	4.1%
Veterans' Homes	0	5,949,799	3,127,553	9,077,352	0	7,739,579	3,174,668	10,914,247	0	7,901,700	3,215,782	11,117,482	4.6%
Adult Protective Svcs	<u>1,537,303</u>	<u>244,240</u>	<u>394,726</u>	<u>2,176,269</u>	<u>1,847,278</u>	<u>318,193</u>	<u>397,093</u>	<u>2,562,564</u>	<u>1,861,872</u>	<u>316,581</u>	<u>398,392</u>	<u>2,576,845</u>	<u>1.1%</u>
Total Division	<u>\$46,295,501</u>	<u>\$22,385,363</u>	<u>\$151,576,815</u>	<u>\$220,257,679</u>	<u>\$51,207,985</u>	<u>\$31,097,953</u>	<u>\$158,410,221</u>	<u>\$240,716,159</u>	<u>\$51,181,697</u>	<u>\$32,015,899</u>	<u>\$160,021,439</u>	<u>\$243,219,035</u>	100.0%
Percent of Total	21.0%	10.2%	68.8%	100.0%	21.3%	12.9%	65.8%	100.0%	21.0%	13.2%	65.8%	100.0%	
Compounded Annual Rate of Change from FY 2006 Base					5.2%	17.9%	2.2%	4.5%	3.4%	12.7%	1.8%	3.4%	
<b>Benefits</b>													
<i>Medicaid</i>													
Nursing Homes	\$28,853,174	\$11,945,550	\$98,395,698	\$139,194,422	\$29,949,114	\$16,197,103	\$102,593,541	\$148,739,758	\$29,891,816	\$16,133,889	\$99,649,653	\$145,675,358	59.9%
IGT	0	1,912,098	4,578,392	6,490,490	0	3,030,958	3,645,651	6,676,609	0	3,816,586	7,459,004	11,275,590	4.6%
Home Based Services	6,111,838	1,867,551	19,285,169	27,264,558	7,084,542	2,155,245	20,040,195	29,279,982	7,084,542	2,158,387	21,110,447	30,888,378	12.7%
Waiver Services	6,595,771	395,891	16,846,130	23,837,792	7,505,205	1,445,034	19,334,958	28,285,197	7,554,942	1,446,610	19,283,645	28,285,197	11.6%
Nurse Aide Testing	143,871	0	143,871	287,742	143,871	0	143,871	287,742	143,871	0	143,871	287,742	0.1%
State Supplement	963,994	0	0	963,994	986,554	0	0	986,554	1,009,114	0	0	1,009,114	0.4%
Aging Services	39,665	0	0	39,665	218,678	0	0	218,678	218,678	0	0	218,678	0.1%
Institutional - MVH	<u>0</u>	<u>0</u>	<u>694,358</u>	<u>694,358</u>	<u>0</u>	<u>0</u>	<u>694,358</u>	<u>694,358</u>	<u>0</u>	<u>0</u>	<u>694,358</u>	<u>694,358</u>	<u>0.3%</u>
Subtotal Benefits	<u>\$42,708,313</u>	<u>\$16,121,090</u>	<u>\$139,943,618</u>	<u>\$198,773,021</u>	<u>\$45,887,964</u>	<u>\$22,828,339</u>	<u>\$146,452,574</u>	<u>\$215,168,878</u>	<u>\$45,902,963</u>	<u>\$23,555,471</u>	<u>\$148,340,979</u>	<u>\$218,334,415</u>	89.8%
Percent of Total	21.5%	8.1%	70.4%	100.0%	21.3%	10.6%	68.1%	100.0%	21.0%	10.8%	67.9%	100.0%	
Compounded Annual Rate of Change from FY 2006 Base					3.7%	19.0%	2.3%	4.0%	2.4%	13.5%	2.0%	3.2%	
<b>Grants</b>													
Aging Grants	\$936,113	\$0	\$6,224,368	\$7,160,481	\$936,113	\$0	\$6,224,368	\$7,160,481	\$936,113	\$0	\$6,224,368	\$7,160,481	2.9%
Meals on Wheels*	567,000	0	0	567,000	692,000	0	0	692,000	692,000	0	0	692,000	0.3%
Inhome Care-Giver Service	<u>300,000</u>	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>600,000</u>	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%
Subtotal Grants	<u>\$1,803,113</u>	<u>\$0</u>	<u>\$6,224,368</u>	<u>\$8,027,481</u>	<u>\$2,228,113</u>	<u>\$0</u>	<u>\$6,224,368</u>	<u>\$8,452,481</u>	<u>\$1,628,113</u>	<u>\$0</u>	<u>\$6,224,368</u>	<u>\$7,852,481</u>	3.2%
Percent of Total Div.	13.1%	0.0%	86.9%	100.0%	13.1%	0.0%	86.9%	100.0%	13.1%	0.0%	86.9%	100.0%	
Compounded Annual Rate of Change from FY 2006 Base					0.0%	n/a	0.0%	0.0%	0.0%	n/a	0.0%	0.0%	
<b>Veterans' Homes</b>													
Montana Vets' Home	\$0	\$5,640,906	\$2,004,300	\$7,645,206	\$0	\$6,828,088	\$2,053,385	\$8,881,473	\$0	\$7,128,766	\$2,094,450	\$9,223,216	3.8%
Eastern Vets' Home	<u>0</u>	<u>308,893</u>	<u>1,123,253</u>	<u>1,432,146</u>	<u>0</u>	<u>362,119</u>	<u>1,123,253</u>	<u>1,485,372</u>	<u>0</u>	<u>305,659</u>	<u>1,123,253</u>	<u>1,428,912</u>	0.6%
Subtotal Vets' Homes	<u>\$0</u>	<u>\$5,949,799</u>	<u>\$3,127,553</u>	<u>\$9,077,352</u>	<u>\$0</u>	<u>\$7,190,207</u>	<u>\$3,176,638</u>	<u>\$10,366,845</u>	<u>\$0</u>	<u>\$7,434,425</u>	<u>\$3,217,703</u>	<u>\$10,652,128</u>	4.4%
Percent of Total	0.0%	65.5%	34.5%	100.0%	0.0%	69.4%	30.6%	100.0%	0.0%	69.8%	30.2%	100.0%	
Compounded Annual Rate of Change from FY 2006 base budget expenditures					n/a	9.9%	0.8%	6.9%	n/a	7.7%	1.0%	5.5%	

\*Meals on Wheels and In-home care giver services were funded from a one-time appropriation of federal funds during the 2007 biennium, but included in this table for illustrative purposes.

\*\*Inhome care-giver services is a biennial appropriation in FY 2006, but shown as an equal amount in each year of the biennium for the purposes of this table.

Aging and veterans' services each account for roughly 4.0 to 5.0 percent of the total division budget request in FY 2009. Aging grants that support meals, in-home care giver services, and the Area Agencies on Aging account for 3.2 percent of the budget request in FY 2009. General fund appropriations for Meals on Wheels and in-home care giver services were made as one-time appropriations and removed from base budget expenditures. However, these expenditures are included in Figure 74 for comparative purposes.

### *SLTC Benefits*

There are three major Medicaid services administered by SLTC – skilled nursing or nursing home services, home based services, and community based waiver services. Skilled nursing and home based services are an entitlement, meaning that if a person qualifies for Medicaid and the service is medically necessary, that person is entitled to receive the service, regardless of whether the appropriation is sufficient to cover the cost of services that must be delivered.

Community based waiver services are not an entitlement and require a waiver of federal regulations to limit the number of persons served and types of services provided. In order to be eligible for SLTC waiver services, a person must need nursing home or hospital level of care. The waiver must be cost neutral, meaning that the federal cost of the waiver is lower than the cost of providing nursing home level of care.

Home based services include personal assistance, home health and hospice services. Personal assistance services account for 93 percent of the FY 2006 base expenditures, with hospice and home health services making up 6.0 and 1.0 percent respectively.

LFD issues and Medicaid cost estimates compared to those included in the executive budget are discussed in greater detail in the Medicaid services subprogram budget.

State supplement payments are made to persons who are eligible for federal Supplemental Security Income (SSI) payments. The state supplement (\$94 per month) is paid to SSI eligible individuals living in certain congregate living situations such as group homes. The payment is funded fully from general fund.

Aging services benefits – about \$40,000 general fund each year – pays for emergency services such as temporary lodging and cleaning for victims of elder abuse and neglect. The additional general fund in the 2009 biennium request (\$179,103) supports a provider rate increase.

Grants for aging services support a variety of services, with the vast majority of funds (upwards of 70 percent) used for elderly feeding programs. The majority of aging services funding comes from federal grants that are distributed to local Area Agencies on Aging (AAAs). Federal grant funds include parameters on how the funds may be spent. General fund supports grants to AAAs, Meals on Wheels, and in-home care giver programs. Meals on Wheels and in-home care giver appropriations were approved as one time only, and removed from base budget expenditures. They are included in this table for reference purposes.

Veterans' homes comprise 4.6 percent of the SLTC budget request in FY 2009. The 2009 biennium budget request for veterans' homes grows at the fastest rate compared to base budget expenditures of any of the major division functions.

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Senior & Long-Term Care						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$46,295,501	21.0%	\$51,207,985	21.3%	\$51,181,697	21.0%
01100 General Fund	46,295,501	21.0%	51,207,985	21.3%	51,181,697	21.0%
02000 Total State Special Funds	22,385,363	10.2%	31,097,953	12.9%	32,015,899	13.2%
02023 Private Ins. Medicaid Reim.-Ve	2,802,543	1.3%	2,248,132	0.9%	2,293,231	0.9%
02032 Vets-I&I Lease	5,000	0.0%	4,997	0.0%	4,997	0.0%
02053 Medicaid Nursing Home Match	3,462,236	1.6%	4,580,736	1.9%	5,366,724	2.2%
02260 Cigarette Tax Revenue	3,190,536	1.4%	5,534,844	2.3%	5,652,317	2.3%
02497 6901-Lien & Estate - Sltd	823,903	0.4%	897,856	0.4%	896,244	0.4%
02772 Tobacco Hlth & Medica Initiative	3,254,525	1.5%	6,356,697	2.6%	6,327,328	2.6%
02782 69010-Csb Conference	21,954	0.0%	21,954	0.0%	21,954	0.0%
02987 Tobacco Interest	703,779	0.3%	831,850	0.3%	832,217	0.3%
02990 69010-Nursing Home Utilization	8,120,887	3.7%	10,620,887	4.4%	10,620,887	4.4%
03000 Total Federal Special Funds	151,576,815	68.8%	158,410,221	65.8%	160,021,439	65.8%
03005 Emvh V-A Nursing Reimbursement	1,123,253	0.5%	1,123,253	0.5%	1,123,253	0.5%
03073 Aging - Farmers Market	39,450	0.0%	39,450	0.0%	39,450	0.0%
03108 Alzheimer Demonstration Grant	-	-	290,000	0.1%	-	-
03112 Vets-V.A. Reimb	1,925,208	0.9%	1,961,692	0.8%	2,000,981	0.8%
03501 64.014 - Vets St. Domic Care 1	81,948	0.0%	92,585	0.0%	94,435	0.0%
03514 10.570 - Elderly Feeding 100%	643,747	0.3%	643,747	0.3%	643,747	0.3%
03515 93.041 - Elder Abuse Prev 100%	30,436	0.0%	30,436	0.0%	30,436	0.0%
03516 93.042 - Ombudsman Activity 10	74,719	0.0%	74,719	0.0%	74,719	0.0%
03517 93.043 - Preventive Hlth 100%	105,929	0.0%	105,929	0.0%	105,929	0.0%
03518 93.044 - Aging Sup S & Train 1	1,775,826	0.8%	1,843,828	0.8%	1,837,515	0.8%
03519 93.045 - Aging Meals 100%	2,718,622	1.2%	2,724,297	1.1%	2,728,731	1.1%
03537 93.779 - Hlth Info Counseling	185,968	0.1%	235,240	0.1%	235,152	0.1%
03579 93.667 - Ssbj - Benefits	297,973	0.1%	296,813	0.1%	296,816	0.1%
03580 6901-93.778 - Med Adm 50%	1,439,490	0.7%	1,458,879	0.6%	1,462,023	0.6%
03583 93.778 - Med Ben Fmap	139,943,618	63.5%	146,311,081	60.8%	148,169,631	60.9%
03666 Aging - Caregiver Iii-E	735,482	0.3%	736,691	0.3%	737,040	0.3%
03799 6901-Older Worker Program	455,146	0.2%	441,581	0.2%	441,581	0.2%
Grand Total	<u>\$220,257,679</u>	<u>100.0%</u>	<u>\$240,716,159</u>	<u>100.0%</u>	<u>\$243,219,035</u>	<u>100.0%</u>

SLTC is funded from a combination of general fund, state special revenue, and federal funds. Total funding rises about 10.4 percent from \$220.3 million in base budget expenditures to \$243.2 million for the FY 2009 budget request. Medicaid services, particularly skilled nursing services, drive costs in this division. Total Medicaid services funding in FY 2006 was \$199.8 million or 90.7 percent of total division expenditures and it comprises \$219.3 million or 90.2 percent of the FY 2009 budget request.

State support remains at 21.0 percent of the total division funding, while state special revenue grows from 10.2 percent of the base budget (\$22.4 million) to 13.2 percent in FY 2009 (\$32.0 million). Most state funding for this program pays the state match for Medicaid services. General fund and state special revenue combined provided \$57.8 million for Medicaid match in FY 2006 and grow to \$68.8 million of the FY 2009 budget request, partly due to the reduction in the federal Medicaid match rate.

General fund also supports aging services and some adult protective services (APS) functions. Requests to continue one time appropriations for senior meals and at-home care givers, and increase meal funding, as well as operating cost increases for aging services, also contribute to general fund increases.

In addition to Medicaid match, state special revenue pays the majority of costs for the two veterans' homes (cigarette tax revenue) and some APS services (lien and estate recovery) as well.

Federal funds are the largest funding source, despite declining as a percent of total expenditures from 68.8 percent of the total base budget (\$151.6 million) to 65.8 percent in FY 2009 (\$160.0 million). Federal Medicaid matching funds for services for aged and physically disabled individuals are 60.9 percent of total funding in the FY 2009 budget request, with only one other federal funding source contributing in excess of 1 percent of total division spending (aging meals at 1.13 percent and \$2.7 million).

### *State Special Revenue*

The majority of state special revenue – 4.4 percent of total funding in FY 2009 - is used for state Medicaid match, primarily for skilled nursing facility services. The nursing home utilization fee (authorized in 15-6-102(1), MCA) is a tax of \$8.30 paid for each day a bed in a skilled nursing facility is occupied. Facilities remit the fee to the state and fee income is used to draw down federal matching funds to increase the daily Medicaid nursing home reimbursement.

The second most significant source of state special revenue for Medicaid nursing home match is derived from the county intergovernmental transfer (IGT), where counties transmit county funds that support county skilled nursing facilities to DPHHS to draw down additional federal Medicaid funds to raise daily Medicaid nursing home rates. The IGT program is discussed in greater detail in the Medicaid services subprogram. Finally, health and Medicaid initiatives tobacco tax account revenues and interest from the tobacco settlement trust are also used as state Medicaid match.

Support of the veterans' homes is the next most significant use of state special revenue. Cigarette tax revenue is statutorily allocated for veterans' services (16-11-119(1)(a), MCA), and interest and income from state land provides a small amount of funding too.

Lien and estate funds are reimbursements from estates of persons who received Medicaid services (53-6-143, MCA). The funds are used to support APS and a small portion of nursing home Medicaid match.

### **LFD ISSUE**

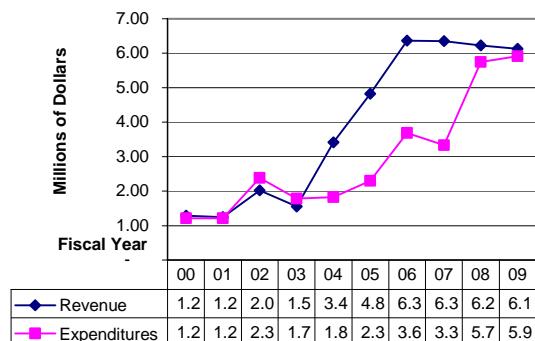
#### Cigarette Tax Revenue

Figure 75 shows revenues and expenditures from the cigarette tax funds allocated to veterans' services. The graph compares revenues to actual expenditures through FY 2006, the FY 2007 appropriation, and the 2009 biennium budget request.

Revenues rose rapidly – nearly tripling from FY 2003 to FY 2006. The increase was due to the voter initiative to raise tobacco taxes (e.g. \$1 per pack of cigarettes) enacted November 2004. The amount allocated to veterans was also changed by the initiative to the greater of \$2 million or 8.3 percent of cigarette tax proceeds. Previous to the change, veterans' homes received 11.11 percent of a lower tax amount.

Figure 75

#### Cigarette Tax Revenue Allocated to Veterans' Homes - Income Compared to Budget



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ISSUE  
CONT.**

Appropriation levels from this account affect transfers to the general fund because cash balances in excess of \$2 million that remain in the veterans' cigarette tax fund at fiscal year end transfer to the general fund. Figure 76 shows that if the legislature funds the executive request, balances transferring to the general fund at fiscal year end will be lowered from the 2007 biennium amount of about \$3.0 million per year to under \$0.5 million annually.

The FY 2008 executive budget request grows about 72.4 percent compared to FY 2007 estimated expenditures. Most of the growth supports cost increases at MVH, which rises from 76.9 percent of base year expenditures from the cigarette tax revenue to 89.6 percent of the total in FY 2009. The portion of cigarette tax funds supporting EMVH drops from 8.4 percent in FY 2006 to 5.2 percent in FY 2009.

SLTC recently published the study of long term care needs for Montana veterans, based on responses to a survey. The majority of respondents indicated that they would prefer development of home and community services if there were additional funds for services. Growth in the executive budget request for cigarette tax funding, almost solely to support MVH, appears to limit future service expansions.

### Legislative Options

Cost increases for MVH are partly due to recruitment and retention of medical staff. Despite labor market differences, it appears that contract administration of EMVH may be more cost effective and efficient than state administration of MVH. The legislature may wish to request that the Interim Committee State Administration and Veterans' Affairs evaluate whether contract administration of MVH would ensure that the facility continue to provide the same level of service but potentially at a lower cost than state administration and make a recommendation to the 2009 Legislature.

### Other Fund Balance Issues

Indirect cost charges for statewide and department wide services charged to the veterans' services portion of the cigarette tax revenue have increased steadily, and significantly, over the last four years. In FY 2005, these costs totaled about \$105,000 annually, grew to about \$136,000 in FY 2006, and are projected to increase to \$169,000 in FY 2007 for an increase of about 24 percent between the two most recent fiscal years. Indirect charges for division administration have fluctuated, running between actual charges of about \$36,300 to the FY 2007 budget allocation of about \$52,000.

The Department of Administration develops a statewide cost allocation plan subject to federal review and approval and DPHHS develops an internal cost allocation plan that is also subject to federal review and approval. The services included in the cost allocation plans are numerous and diverse. To determine what has been driving the indirect cost increases to the veterans' cigarette tax fund, and the appropriateness of that increase, is beyond the time and staff resources available during budget analysis.

Figure 76  
Cigarette Tax Fund Balance Supporting Veterans' Services

Fund Balance	Percent					Percent
Deposits/Expenditures	FY 2006	of Total	FY 2007*	FY 2008*	FY 2009*	of Total
Beginning Fund Balance**	\$2,115,828		\$2,081,524	\$2,000,000	\$2,000,000	
Revenue/Transfers In						
Cigarette Tax	\$6,362,659		\$6,352,000	\$6,228,000	\$6,130,000	
Other Deposits***	13,874					
Expenditures						
Veterans' Homes Operations			\$2,535,982			0.0%
Montana Veterans' Home	\$2,833,363	76.9%		\$5,124,331	\$5,297,813	89.6%
Eastern Montana Veterans' Hm	308,893	8.4%		362,119	305,659	5.2%
Long-Range Building						
Montana State Hospital	362,929	9.8%	537,072	0	0	0.0%
Montana Veterans' Homes	9,166	0.2%	37,009	0	0	0.0%
DPHHS Cost Allocated Admin.	136,203	3.7%	168,599	209,062	259,237	4.4%
Division Administrative Cost	36,290	1.0%	53,710	48,394	48,845	0.8%
Subtotal Expenditures	\$3,686,844	100.0%	\$3,332,372	\$5,743,906	\$5,911,554	100.0%
Annual Rate of Increase			-9.6%	72.4%	2.9%	
Compounded Rate of Increase from Base Budget			-9.6%	24.8%	17.0%	
Transfer to General Fund	(\$2,812,016)		(\$3,101,153)	(\$484,094)	(\$218,446)	
Adjustments**	\$101,898		\$0	\$0	\$0	
Ending Fund Balance	\$2,081,524		\$2,000,000	\$2,000,000	\$2,000,000	

\*Revenue based on estimates adopted by the Revenue Oversight Taxation and Transportation Committee. Expenditures are based on executive budget request. Estimated expenditures also include indirect costs allocated across DPHHS.

\*\*Statute requires that unexpended cash balances in excess of \$2 million be deposited to the general fund. Fund balances include other adjustments and may not equal cash balances.

**LFD  
ISSUE  
CONT.**

There is one other issue related to the fund balance data in Figure 76. There are about \$0.9 million in expenditures to support the Montana State Hospital. LFD staff has requested information from SLTC about this entry in order to determine:

- 1) Whether it is valid; and if so
- 2) What is the legal authority to spend cigarette tax funds allocated for the operation and maintenance of state veterans' nursing homes on projects at the Montana State Hospital

There may be issues for legislative consideration depending on the information provided in response to the staff inquiry.

**2007 Biennium Compared to 2009 Biennium**

The 2009 biennium SLTC budget request is \$36.4 million greater than the 2007 biennium budget. Most of the increase is in benefits (\$29.2 million), primarily Medicaid services for elderly and disabled persons. Personal services increase \$2.6 million due to upgrades, reclassifications, fully funding vacant positions, and addition of 9.30 new FTE. Operating costs increase \$2.7 million, primarily due to requests for the MVH. Grants costs increase due to the request to continue general fund for Meals on Wheels and in-home care giver funding added as one-time-only appropriations by the 2005 Legislature.

General fund increases the least at \$8.6 million, due mostly to reductions in nursing home costs. State special revenue increases \$15.9 million to fund MVH increases, and for annualization of Medicaid expansions funded from cigarette tax revenue in the health and Medicaid initiatives account. Federal funds rise \$11.9 million due primarily to annualizations of Medicaid expansions.

**2005 Legislative Initiatives**

There are two initiatives that the 2005 Legislature requested SLTC to report on: veterans' long term care study needs and recruitment and retention of staff at MVH. The Legislative Finance Committee also requested information on implementation of appropriations for direct care worker wage increases.

**Veterans' Long Term Care Study Needs**

The final report for veterans' long term care needs was issued in November 2006. The report will be presented to the legislature and findings discussed. There are no new initiatives in the executive budget related to report findings.

**LFD  
COMMENT**

The long term care study surveyed 358 veterans about long term care needs. About 46.1 percent of the respondents were over the age of 73, 23.6 percent were 65 to 70, 19.6 percent were 56 to 64 years old, and 10.7 percent were younger than 55.

Figure 77  
2007 Biennium Compared to 2009 Biennium  
Senior and Long Term Care Division

Budget Item/Fund	2007 Biennium	2009 Biennium	Percent of Total	Difference	Percent of Change
FTE	193.44	202.74		9.30	
Personal Services	\$16,642,196	\$19,286,289	4.0%	\$2,644,093	7.3%
Operating	11,851,500	14,574,508	3.0%	2,723,008	7.5%
Equipment	169,201	240,330	0.0%	71,129	0.2%
Grants	14,525,132	16,304,962	3.4%	1,779,830	4.9%
Benefits/Claims	404,308,203	433,503,293	89.6%	29,195,090	80.2%
Debt Service	25,653	25,812	0.0%	159	0.0%
Total Costs	<u>\$447,521,885</u>	<u>\$483,935,194</u>	100.0%	<u>\$36,413,309</u>	100.0%
			0.0%		
General Fund	\$93,727,883	\$102,389,682	21.2%	\$8,661,799	23.8%
State Special	47,251,234	63,113,852	13.0%	15,862,618	43.6%
Federal Funds	<u>306,542,768</u>	<u>318,431,660</u>	65.8%	<u>11,888,892</u>	32.6%
Total Funds	<u>\$447,521,885</u>	<u>\$483,935,194</u>	100.0%	<u>\$36,413,309</u>	100.0%



**LFD  
COMMENT  
CONT.**

The survey tool appeared to focus on gathering information about construction of another long-term care facility. Five questions were about what type of facility should be constructed and the location of a new facility if it were to be constructed. One question asked if additional funds were available what would be the best use of those funds and the majority of respondents indicated they would prefer development of home and community based supports. Thirty six percent indicated a preference for in-home and community services, while 18.4 percent indicated that assisted living or retirement living was preferred. About 17.5 percent indicated that a new veterans' home should be constructed and another 17.2 percent said funds should be used to maintain the existing two homes.

While the survey tool asked what types of home and community services respondents were currently receiving and what types of services respondents needed but were not receiving, it did not ask what other services should be developed or provided.

**MVH Staff Issues**

The legislature appropriated funds to address recruitment and retention of staff at MVH. In summary, SLTC has:

- On October 1, 2005, moved nurses and licensed practical nurses to pay plan 20, a broad band pay plan that allows greater pay flexibility to adjust pay levels based on job content, competency, market salary data, and situational pay, with less emphasis on position classification at an estimated cost of \$109,539
- Proposed changes in the scheduling to allow greater flexibility, including a 12-hour shift option with rotating weekends off
- Hired eight potential Certified Nursing Assistant's (CNA's) that were trained on the MVH campus for three weeks starting September 26, 2005
- Formed an MVH retention committee with the following goals: improve employee morale, recognize staff efforts and performance, and have fun and establish camaraderie
- Pursued an employee survey aimed at assessing the level of employee satisfaction and identifying areas where improvements could be made to promote employee satisfaction
- Identified federal grant funds for recruitment and retention

**LFD  
COMMENT**

SLTC has undertaken a variety of actions to address recruitment and retention at both facilities, but primarily focused on MVH. SLTC has pursued actions discussed with the 2005 Legislature, including moving to pay plan 20, implementing training programs, and moving to flexible scheduling. The division provided a report in 2005 as requested.

However, the report requested in 2006 has not been forwarded. LFD staff has requested the 2006 report for legislative consideration and has requested a preliminary evaluation of the actions taken on recruitment and retention of staff.

**Direct Care Worker Wages**

The following narrative provided by SLTC describes the process it used to implement the direct care worker wage appropriations made by the 2005 Legislature. To receive the direct care add-on, providers submitted for approval a request form to the department which indicated how the total annualized amount of funding attributed to the direct care wage add-on would be spent. Facilities and providers that receive funds under this wage distribution must maintain appropriate records documenting the expenditure of these funds, which will be subject to audit and review by the department.

The following narrative and tables were developed by SLTC to explain the level of wage increase and the types of workers who received increases.

Community Services

Under this initiative, DPHHS will allocate funds for community service programs, to provide for an approximate \$.80 increase to the wages of direct care workers working in the Medicaid state plan personal assistance (agency based and self directed), home and community based services (HCBS) waiver programs, such as personal assistance services (PAS), private duty nursing, respite, and homemaker.

## Community Services Programs Direct Care Wage Initiative Summary

EMPLOYEE CATEGORY	2005 WAGE W/O BENEFITS	2006 WAGE W/O BENEFITS	WAGE INCREASE
Agency PAS	\$7.80	\$8.60	\$.80
HCBS PAS	\$8.06	\$8.86	\$.80
Homemaker	\$7.38	\$8.17	\$.79
Private Duty Nurse	\$14.98	\$15.78	\$.80
Respite	\$7.09	\$7.89	\$.80
Self Directed PAS	\$8.53	\$9.35	\$.82

Nursing Facility Services

Under this initiative, DPHHS will pay Medicaid certified nursing facilities in Montana an additional amount as an add-on to their computed Medicaid payment rate, to be used only for wage and benefit increases for direct care workers in nursing homes. Direction was provided that the intent of this increase was that certified nursing assistants (CNAs) should receive wage increases up to a \$1.00 in wages and benefits before any other category of worker. If there are funds left after this distribution the next category of workers should be licensed practical nurses (LPN's) and then registered nurses (RN's) based on the funding that is available. Once all three of these categories have been reimbursed up to the \$1.00, other direct care workers salaries could be raised including activities, dietary, housekeeping, and laundry workers. The department has computed a \$5.39 per day add-on payment, commencing July 1, 2005, as the pro rata share of appropriated funds allocated for increases in direct care wages and benefits. This amount will be in addition to the computed formula rate that is established for each facility on July 1 of the rate year using the price based reimbursement methodology.

## Nursing Facility Provider Direct Care Wage Initiative Summary

EMPLOYEE CATEGORY	2005 WAGE W/O BENEFITS	2006 WAGE W/O BENEFITS	WAGE INCREASE
CNA	\$9.19	\$10.00	\$.81
LPN	\$14.97	\$15.77	\$.80
RN	\$20.53	\$21.38	\$.85
Activities	\$10.16	\$10.84	\$.68
Dietary	\$8.55	\$9.16	\$.61
Housekeeping	\$8.94	\$9.66	\$.72
Laundry	\$8.87	\$9.58	\$.72
Social Services	\$13.67	\$14.42	\$.75
Other	\$8.49	\$8.89	\$.40

**LFD COMMENT**

SLTC also submitted documents from various community service and skilled nursing providers listing the number of FTE and wage rates by job type. LFD staff has requested that SLTC explain how facilities are audited to ensure that wage rates paid are those that are reported and that wage rates are maintained. LFD staff has also requested the reasoning used to allocate funds for a \$1 per hour increase for facility based staff and \$0.80 per hour for community based staff.

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
Fiscal 2008					Fiscal 2009					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				1,004,982						1,069,936
Vacancy Savings				(366,475)						(369,077)
Inflation/Deflation				52,267						60,788
Fixed Costs				(11,570)						753
Total Statewide Present Law Adjustments				\$679,204						\$762,400
DP 22201 - SLTC Field Office Rent Adjustment	0.00	10,909	0	4,005	14,914	0.00	19,527	0	4,863	24,390
DP 22204 - Adult Protective Services Database Maintenance	0.00	50,886	0	1,846	52,732	0.00	50,886	0	1,846	52,732
DP 22205 - Montana Veterans' Home Expense Adjustments	0.00	0	908,886	0	908,886	0.00	0	916,919	0	916,919
DP 22206 - Dept of Transportation Cars	0.00	11,674	0	11,674	23,348	0.00	11,903	0	11,904	23,807
DP 22207 - Annualize Nursing Home Provider Tax	0.00	0	2,500,000	5,401,391	7,901,391	0.00	0	2,500,000	5,288,162	7,788,162
DP 22208 - State Supplement Caseload Increase	0.00	24,960	0	0	24,960	0.00	49,920	0	0	49,920
DP 22209 - Annualize Waiver Expansion Costs	0.00	(419,748)	829,669	750,433	1,160,354	0.00	(406,035)	829,669	736,720	1,160,354
DP 22210 - Medicaid Nursing Home FMAP Adj	0.00	2,894,405	0	(2,894,405)	0	0.00	3,033,599	0	(3,033,599)	0
DP 22211 - Home Based Medicaid FMAP Adj	0.00	578,956	0	(578,956)	0	0.00	606,220	0	(606,220)	0
DP 22212 - Medicaid Waiver FMAP Adjustment	0.00	491,021	0	(491,021)	0	0.00	514,859	0	(514,859)	0
DP 22213 - Nursing Home Caseload Adjustment	0.00	(1,417,532)	0	(3,062,657)	(4,480,189)	0.00	(1,620,775)	0	(3,428,368)	(5,049,143)
DP 22214 - Medicaid Home Based Svs Caseload Adjustment	0.00	393,748	0	860,625	1,254,373	0.00	901,486	0	1,961,283	2,862,769
DP 22215 - FMAP Change for I-149 NH Provider Increase	0.00	0	111,741	(111,741)	0	0.00	0	117,192	(117,192)	0
DP 22216 - FMAP Change for I-149 Home Based Provider Increase	0.00	0	14,651	(14,651)	0	0.00	0	15,366	(15,366)	0
DP 22217 - FMAP Change for I I-149 Waiver Provider Rate Inc	0.00	0	12,213	(12,213)	0	0.00	0	12,809	(12,809)	0
DP 22218 - Annualize Nursing Home Direct Care Wage	0.00	(380,933)	519,324	(138,391)	0	0.00	(374,182)	476,173	(101,991)	0
DP 22219 - FMAP Change - I-149 Home Based Direct Care Wages	0.00	0	34,149	(34,149)	0	0.00	0	35,815	(35,815)	0
DP 22220 - FMAP Change - I-149 Direct Care Wages Med Waiver	0.00	0	6,994	(6,994)	0	0.00	0	7,336	(7,336)	0
DP 22223 - Nursing Home IGT Adjustment	0.00	0	977,007	1,591,700	2,568,707	0.00	0	1,733,139	3,051,961	4,785,100
DP 22909 - Montana Veterans' Home Contingency Fund Line Item	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
Total Other Present Law Adjustments						0.00	\$2,787,408	\$6,894,418	\$3,183,184	\$12,865,010
Grand Total All Present Law Adjustments				\$10,358,680						\$13,627,410

**LFD COMMENT**

Requests for present law adjustments add \$19.7 million over the biennium, predominantly in state special revenue. General fund supports \$5.8 million, state special revenue supports \$12.9 million, and federal funds support \$6.8 million of the total present law adjustments requested. Each present law adjustment is discussed in greater detail by subprogram function: Medicaid services, veterans' homes, aging services, division administration, and adult protective services.

**LFD  
COMMENT  
CONT.**

Statewide present law adjustments are standard adjustments made to all agency budgets. These adjustments add a net \$1.4 million to the SLTC budget request over the 2009 biennium, with personal services adjustments contributing the largest increase at a net of \$1.3 million. Annual personal services present law adjustments add about 12.3 percent to base budget expenditures. Elements of the personal services biennial change are:

- Fully funding positions compared to vacancies in FY 2006 - \$799,000
- Moving positions (primarily nursing positions at MVH) to pay plan 20 and other reclassifications and upgrades - \$240,000
- Requests to reinstate institution overtime, holidays worked, and shift differential pay, which is stripped from the base budget - \$192,000
- Annualization of pay plan increases adds \$339,729, but part of the pay plan cost is duplicated in fully funding positions and reinstatement of overtime costs

These personal services increases are partially offset by the inclusion of 4.0 percent vacancy savings (about \$736,000 over the biennium). The division had a vacancy savings rate of 4.9 percent during the base year budget, primarily due to the recruitment and retention issues at MVH.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2008				FTE	Fiscal 2009			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 22101 - EMVH Resident Bus Replacement - OTO	22	0.00	0	40,000	0	40,000	0.00	0	0	0
DP 22103 - MVH Facility Upgrades- OTO	22	0.00	0	165,000	0	165,000	0.00	0	165,000	0
DP 22104 - MVH Recruitment and Retention Contingency	22	0.00	0	0	0	0	0.00	0	183,000	0
DP 22105 - MVH Special Care Unit Staff	22	5.20	0	137,862	0	137,862	5.20	0	138,421	0
DP 22106 - MVH Pharmacy Clerk	22	0.60	0	22,539	0	22,539	0.60	0	22,685	0
DP 22107 - EMVH Fire Alarm System - OTO	22	0.00	0	15,000	0	15,000	0.00	0	0	0
DP 22108 - Additional Aging Ombudsman Position	22	1.00	0	47,020	47,020	1.00	0	0	45,362	45,362
DP 22109 - Elderly Meal Programs	22	0.00	692,000	0	0	692,000	0.00	692,000	0	0
DP 22110 - Continue Aging In-Home Caregiver Program	22	0.00	600,000	0	0	600,000	0.00	0	0	0
DP 22112 - Additional SHIP FTE for Aging Services	22	1.00	0	47,020	47,020	1.00	0	0	45,362	45,362
DP 22119 - Waiver Expansion	22	0.00	838,161	0	1,810,894	2,649,055	0.00	850,347	0	1,798,708
DP 22127 - SLTC Alzheimer Grant Continuation	22	1.00	0	290,000	290,000	0.00	0	0	0	0
DP 22239 - Adult Protective Services Field Staff	22	1.50	0	74,698	0	74,698	1.50	0	73,084	0
DP 22501 - Provider Rate Increases	22	0.00	179,013	1,573,431	3,439,091	5,191,535	0.00	179,013	1,578,443	3,434,083
DP 22904 - Personal Needs Increase	22	0.00	0	128,071	0	128,071	0.00	0	128,438	0
<b>Total</b>	<b>10.30</b>	<b>\$2,309,174</b>	<b>\$2,156,601</b>	<b>\$5,634,025</b>	<b>\$10,099,800</b>	<b>9.30</b>	<b>\$1,721,360</b>	<b>\$2,289,071</b>	<b>\$5,323,515</b>	<b>\$9,333,946</b>

Requests for new proposals add \$19.4 million over the biennium. General fund supports \$4.0 million, state special revenue supports \$4.4 million, and federal funds support \$11.0 million of the total requested. Each new proposal is discussed in greater detail by subprogram function: Medicaid services, veterans' homes, aging services, division administration, and adult protective services.

## Sub-Program Details

## MEDICAID SERVICES 01

## Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	17.68	0.00	0.00	17.68	0.00	0.00	17.68	17.68
Personal Services	857,381	147,787	0	1,005,168	152,991	0	1,010,372	2,015,540
Operating Expenses	1,196,652	(7,625)	0	1,189,027	(7,550)	0	1,189,102	2,378,129
Benefits & Claims	197,769,362	8,404,636	7,789,648	213,963,646	11,547,242	7,790,019	217,106,623	431,070,269
<b>Total Costs</b>	<b>\$199,823,395</b>	<b>\$8,544,798</b>	<b>\$7,789,648</b>	<b>\$216,157,841</b>	<b>\$11,692,683</b>	<b>\$7,790,019</b>	<b>\$219,306,097</b>	<b>\$435,463,938</b>
General Fund	42,494,853	2,264,577	838,161	45,597,591	2,784,149	850,347	46,129,349	91,726,940
State/Other Special	16,143,044	5,147,241	1,701,502	22,991,787	5,898,848	1,706,881	23,748,773	46,740,560
Federal Special	141,185,498	1,132,980	5,249,985	147,568,463	3,009,686	5,232,791	149,427,975	296,996,438
<b>Total Funds</b>	<b>\$199,823,395</b>	<b>\$8,544,798</b>	<b>\$7,789,648</b>	<b>\$216,157,841</b>	<b>\$11,692,683</b>	<b>\$7,790,019</b>	<b>\$219,306,097</b>	<b>\$435,463,938</b>

The Medicaid services function comprises the lion's share of the SLTC division budget with 90.2 percent (\$219.3 million) of the FY 2009 budget request. Figure 78 lists each Medicaid service, shows the base budget, each change requested by the executive by fiscal year, including the single new proposal to expand Medicaid community waiver services, and the total amount requested for each Medicaid service.

The FY 2009 executive budget grows 10 percent over FY 2006 costs. The executive request adds \$35.5 million over the biennium compared to the base budget of \$97.8 million. Annualization of service expansions approved by the 2005 Legislature accounts for nearly half of the increase. 2007 biennium service expansions add \$18.0 million total funds, including \$7.7 million state special revenue which offsets and reduces general fund by \$1.6 million. Medicaid caseload and service utilization reduces the 2009 biennium request by \$3.4 million, including \$1.7 million general fund, due to anticipated reductions in the number of nursing home bed days. Reductions in the federal Medicaid match rate increase general fund by \$8.1 million and state special revenue by \$0.3 million and lower federal funds by a like amount. A new proposal to expand community waiver services adds \$5.3 million total funds, including \$1.7 million general fund.

Nursing home services are the single largest component of the executive request for this division totaling \$314.3 million over the biennium, including \$60.1 million general fund and \$39.2 million state special revenue.

**LFD  
ISSUE**

There are several issues related to nursing home costs for the 2009 biennium including:

- The LFD estimate of nursing home costs is lower than that of the executive by about \$0.6 million state funds (\$2.0 million total funds)
- Funding for nursing homes costs is not transparent
- The executive budget does not allocate reductions to state special revenue from the health and Medicaid initiatives account
- Potential impact on nursing home bed days due to waiver implemented in the Addictive and Mental Disorders Division (AMDD)

Figure 78

## Senior and Long Term Care Division 2009 Biennium Medicaid Budget Request by Function and Component

Senior and Long Term Care Division 2009 Biennial Medicaid Budget Request by Function and Component									
Medicaid Services	FY 2008				FY 2009				% of
Present Law and New Proposals	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	Change
<b>Nursing Home Services</b>									
<u>FY 2006 Base Budget</u>	\$28,997,045	\$13,857,648	\$103,812,319	\$146,667,012	\$28,997,045	\$13,857,648	\$103,812,319	\$146,667,012	74%
DP22207 Annualize NH Provider Tax HB 7 <sup>2</sup>	\$0	\$2,500,000	\$5,401,391	\$7,901,391	\$0	\$2,500,000	\$5,288,162	\$7,788,162	4%
DP22210 - Nursing Home FMAP Adj.	2,894,405	0	(2,894,405)	0	3,033,599	0	(3,033,599)	0	0%
DP22213- Nursing Home Caseload Adj.	(1,417,532)	0	(3,062,657)	(4,480,189)	(1,620,775)	0	(3,428,368)	(5,049,143)	-3%
DP22215 - FMAP Change - 1-149 Nursing Home Provider Rate Increase	0	111,741	(111,741)	0	0	117,192	(117,192)	0	0%
DP22218 - Annualize Nursing Home Direct Care Worker Wage Increase	(380,933)	519,324	(138,391)	0	(374,182)	476,173	(101,991)	0	0%
DP22223 - Nursing Home IGT	0	977,007	1,591,700	2,568,707	0	1,733,139	3,051,961	4,785,100	0%
DP22501 - Provider Rate Increase	0	1,134,270	2,479,205	3,613,475	0	1,137,885	2,475,594	3,613,479	2%
DP22904 - Personal Needs Increase	0	128,071	0	128,071	0	128,438	0	128,438	0%
<b>Subtotal Appropriation Changes</b>	<u>\$1,095,940</u>	<u>\$5,370,413</u>	<u>\$3,265,102</u>	<u>\$9,731,455</u>	<u>\$1,038,642</u>	<u>\$6,092,827</u>	<u>\$4,134,567</u>	<u>\$11,266,036</u>	6%
<b>Total Nursing Home Appropriation</b>	<u>\$30,092,985</u>	<u>\$19,228,061</u>	<u>\$107,077,421</u>	<u>\$156,398,467</u>	<u>\$30,035,687</u>	<u>\$19,950,475</u>	<u>\$107,946,886</u>	<u>\$157,933,048</u>	
Percent Increase Over Base Budget	4%	39%	3%	7%	4%	44%	4%	8%	
<b>Home Based Services - Entitlement</b>									
<u>FY 2006 Base Budget</u>	\$6,111,838	\$1,867,551	\$19,285,169	\$27,264,558	\$6,111,838	\$1,867,551	\$19,285,169	\$27,264,558	14%
DP22211 - Homebased Medicaid FMAP Ad	\$578,956	\$0	(\$578,956)	\$0	\$606,220	\$0	(\$606,220)	\$0	0%
DP22214 - Med. Homebased Caseload Adj.	393,748	0	860,625	1,254,373	901,486	0	1,961,283	2,862,769	1%
DP22216 - FMAP Change - 1-149 Home-Based Provider Rate Increase	0	14,651	(14,651)	0	0	15,366	(15,366)	0	0%
DP22219 - Annualize Homebased Direct Care Wages	0	34,149	(34,149)	0	0	35,815	(35,815)	0	0%
DP22501 - Provider Rate Increase	0	238,894	522,156	761,050	0	239,655	521,396	761,050	0%
<b>Subtotal Appropriation Changes</b>	<u>\$972,704</u>	<u>\$287,694</u>	<u>\$755,026</u>	<u>\$2,015,424</u>	<u>\$1,507,706</u>	<u>\$290,836</u>	<u>\$1,825,278</u>	<u>\$3,623,820</u>	2%
<b>Total Home Based Appropriation</b>	<u>\$7,084,542</u>	<u>\$2,155,245</u>	<u>\$20,040,195</u>	<u>\$29,279,982</u>	<u>\$7,084,542</u>	<u>\$2,158,387</u>	<u>\$21,110,447</u>	<u>\$30,888,378</u>	
Percent Increase Over Base Budget	16%	15%	4%	7%	16%	16%	9%	13%	
<b>Community Services Waiver - Nonentitlement</b>									
<u>FY 2006 Base Budget</u>	\$6,595,771	\$395,891	\$16,846,130	\$23,837,792	\$6,595,771	\$395,891	\$16,846,130	\$23,837,792	12%
DP22209 - Annualize Waiver Expansion	(\$419,748)	\$829,669	\$750,433	\$1,160,354	(\$406,035)	\$829,669	\$736,720	\$1,160,354	1%
DP22212 -Medicaid Waiver FMAP Adj.	491,021	0	(491,021)	0	514,859	0	(514,859)	0	0%
DP22217 - FMAP Change - 1-149 Waiver Provider Rate Increase	0	12,213	(12,213)	0	0	12,809	(12,809)	0	0%
DP22220 - Annualize Direct Care Wages Medicaid Waiver	0	6,994	(6,994)	0	0	7,336	(7,336)	0	0%
DP22219 - Waiver Expansion	838,161	0	1,810,894	2,649,055	850,347	0	1,798,708	2,649,055	1%
DP22501 - Provider Rate Increase	0	200,267	437,729	637,996	0	200,905	437,091	637,996	0%
<b>Subtotal Appropriation Changes</b>	<u>\$909,434</u>	<u>\$1,049,143</u>	<u>\$2,488,828</u>	<u>\$4,447,405</u>	<u>\$959,171</u>	<u>\$1,050,719</u>	<u>\$2,437,515</u>	<u>\$4,447,405</u>	2%
<b>Total Waiver Appropriation</b>	<u>\$7,505,205</u>	<u>\$1,445,034</u>	<u>\$19,334,958</u>	<u>\$28,285,197</u>	<u>\$7,554,942</u>	<u>\$1,446,610</u>	<u>\$19,283,645</u>	<u>\$28,285,197</u>	
Percent Increase Over Base Budget	14%	0%	15%	19%	15%	0%	14%	19%	
<b>Total Medicaid Services - Senior and Long Term Care</b>									
<u>Total Medicaid Services Base Budget</u>	\$41,704,654	\$16,121,090	\$139,943,618	\$197,769,362	\$41,704,654	\$16,121,090	\$139,943,618	\$197,769,362	
Present Law Annualization-2005 Expansion:	(\$800,681)	\$3,890,136	\$5,972,290	\$9,061,745	(\$780,217)	\$3,848,993	\$5,879,740	\$8,948,516	46%
Present Law Adjustments - Caseload	(1,023,784)	0	(2,202,032)	(3,225,816)	(719,289)	0	(1,467,085)	(2,186,374)	-11%
Present Law Due to Fed Match Change	3,964,382	138,605	(4,102,987)	0	4,154,678	145,367	(4,300,045)	0	0%
PL and New Proposals for Provider Rates	0	2,550,437	5,030,791	7,581,228	0	3,311,583	6,486,043	9,797,625	51%
PL and New Proposals for Expansions	838,161	0	1,810,894	2,649,055	850,347	0	1,798,708	2,649,055	14%
Other New Proposals	0	128,071	0	128,071	0	128,438	0	128,438	1%
<b>Subtotal Appropriation Changes</b>	<u>\$2,978,078</u>	<u>\$6,707,249</u>	<u>\$6,508,956</u>	<u>\$16,194,283</u>	<u>\$3,505,519</u>	<u>\$7,434,381</u>	<u>\$8,397,361</u>	<u>\$19,337,260</u>	100%
<b>Grand Total Annual Appropriation</b>	<u>\$44,682,732</u>	<u>\$22,828,339</u>	<u>\$146,452,574</u>	<u>\$213,963,645</u>	<u>\$45,210,173</u>	<u>\$23,555,471</u>	<u>\$148,340,979</u>	<u>\$217,106,622</u>	
Percent Increase Over Base Budget	7%	42%	5%	8%	8%	46%	6%	10%	
<b>Grand Total Biennial Increase</b>	<u>\$6,483,597</u>	<u>\$14,141,630</u>	<u>\$14,906,317</u>	<u>\$35,531,543</u>	<u>\$6,483,597</u>	<u>\$14,141,630</u>	<u>\$14,906,317</u>	<u>\$35,531,543</u>	

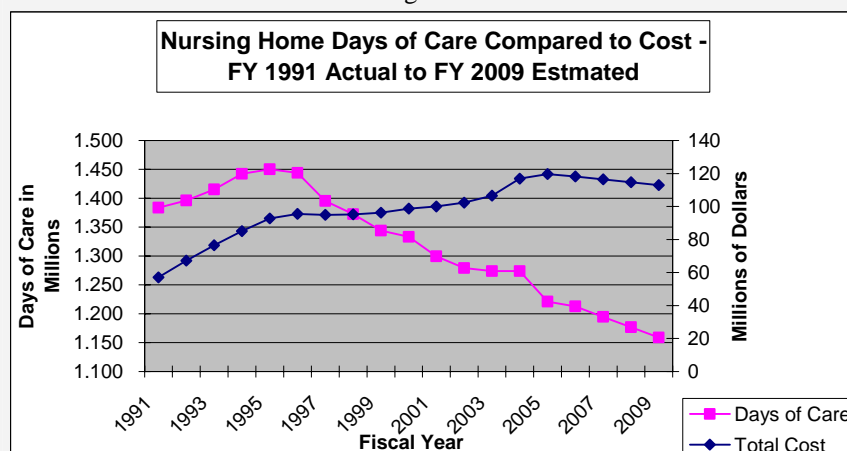
**LFD  
ISSUE****Nursing Home Days**

Figure 79 shows the 2009 biennium budget estimates. The LFD estimates fewer days of care than the executive. The LFD estimate is based on a 1.5 percent annual decline in the number of days of care starting from the FY 2006 executive estimate. The estimate used by the LFD is based on historic trends. In comparison, the executive estimated a 2.7 percent decline from FY 2006 to FY 2007 and then 0.5 percent decline in the number of days of care from FY 2007. The LFD used the same daily rate as the executive.

Some of the reduction in Medicaid nursing home bed days is related to steady annual increases in Medicaid home and community based services as well as the proliferation of alternative living situations for seniors available in the private market. The legislature has consistently approved funding increases for the SLTC community based waiver. Some persons served in the expansion left skilled nursing care to be served in the community. If waiver services expansions were curtailed or halted, the declines in nursing home services may be lower than projected.

Figure 80 shows millions of days of Medicaid paid nursing care services by fiscal year since 1991 compared to the total cost. While the days of care peaked in FY 1995, the number has slowly and steadily declined. In comparison, the total cost has steadily increased through FY 2006 because of rate increases and funding mechanisms, including provider taxes, that are used to draw down additional federal Medicaid matching funds and raise nursing home rates.

Figure 80

**Cost Drivers and Increases**

Nursing home cost increases are attributable to the same types cost drivers for other businesses, such as energy, wage, workers' compensation, and health insurance cost increases. However, like all businesses in the health industry, nursing homes face the same worker shortages and wage competition that increases personnel costs. Since nursing homes must meet certain staffing requirements many, including some in Montana, hire staff from temporary services agencies, which greatly increases facility staffing costs.

Historically, the legislature has appropriated nursing home rate increases over the years, targeting some of the increases to raise wages paid to direct care workers. The legislature has also approved funding mechanisms to specifically raise nursing home rates. For example, the legislature approved implementation of an intergovernmental transfer program where counties transfer county funds used to support local nursing homes to the state where the county funds are matched with federal Medicaid funds and used to raise Medicaid rates. In addition, the legislature enacted a bed day utilization fee (\$8.30 in FY 2007). Nursing homes remit the fee income, which is used as state match to draw down federal funds and raise nursing home rates.

Figure 79

**Medicaid Nursing Home Costs 2009 Biennium  
Executive Budget Compared to LFD Estimates**

Fiscal Year	Executive Request	LFD Estimate	LFD Over (Under) Exec.
<b>FY 2008</b>			
Days of Care	1,181,139	1,176,557	
Rate	\$96.34	\$96.34	
Total	\$113,790,931	\$113,349,495	
State Match	\$35,718,973	\$35,580,406	(\$138,567)
<b>FY 2009</b>			
Days of Care	1,175,233	1,158,908.58	
Rate	\$96.34	\$96.34	
Total	\$113,221,977	\$111,649,252	
State Match	\$35,653,600	\$35,158,350	(\$495,251)
<b>State Fund Biennial Difference</b>			<b>(\$633,818)</b>

*Nursing Home Rate*

The nursing home rate has several components as shown in Figure 81. The individual components are important because the source of state match for each component is different. The rate includes three individually calculated rate increases, all funded from the health and Medicaid initiatives account, that were funded by the 2005 Legislature.

The total rate shown in Figure 81 does not include the add on due to IGT payments. LFD staff has requested information about how to characterize the rate component that would be due to the IGT.

The total daily rate is \$146.45 per day. That amount represents the cost that the Medicaid program pays for a day of skilled nursing care. The patient contribution is a portion of reimbursement that is provided by persons with income to apply to the cost of their care. Individuals in this situation would typically spend down their income to a level that they would become Medicaid eligible, at which point Medicaid would cover the balance of costs.

**Figure 81**  
**FY 2007 Nursing Home Rate by Component and Source of State Match**

Rate Component	FY 2007	State Special Revenue				
		Gen. Fund	Tobacco Settlement	Tobacco Tax	Provider Tax	Other
Base Rate	\$96.34	x	x			
Provider Rate	2.92			x		
Direct Care Wages	1.15			x		
Direct Care Wages	4.25			x		
Provider Tax	16.00				x	
Patient Contribution	<u>25.90</u>					x
Total Daily Rate	<u>\$146.56</u>					

\*Total reimbursement does not include the additional amount added on due to IGT payments.  
Source: SLTC, November 15, 2006.

IGT and provider tax components of the nursing home reimbursement have been viewed as add ons to the legislatively funded rate. The legislature has interpreted nursing home payments funded from those sources to be dependent on the level of funds generated and federal rules governing the payment sources. If the state match generated by IGT or provider taxes is reduced, the reduction is not automatically backfilled from other state sources. For instance, IGT revenue provided by county governments declined substantially from FY 2004 to FY 2006 due to federal rule changes and the legislature did not set aside funds to offset the reduction in nursing home payments due to the decline.

**LFD  
ISSUE****Rates are not Transparent**

The FY 2006 base rate developed by SLTC is \$97.53. However, the base rate used in the executive budget for FY 2007 and future years falls by \$1.20 per day to \$96.34. LFD staff requested that SLTC clarify why the base rate declined between fiscal years and the preliminary response is that the federal match rate changed. LFD staff requested further clarification as to why a reduction in the federal match rate would lower the daily rate for nursing home services.

LFD staff has also requested clarification about the rate used to project nursing home costs and its relation to total nursing home funding. It would seem that the daily rate should include all funding components, unless there are funding adjustments to present law in addition to the base rate. Funding for nursing home costs is not a transparent process.



**LFD  
ISSUE**

## Allocations from the Health and Medicaid Initiatives Account

Funds from the health and Medicaid initiatives account allocated to Medicaid services must be used for service expansions and rate increases. Account funds may not be used to fund the traditional trended level of Medicaid services. Because nursing home caseloads are projected to decrease, it would seem that the reduction in service costs should be allocated between the general fund and state special revenue from the health and Medicaid initiatives account. LFD staff will calculate and provide the change in both fund types that would result from a reduction in caseload costs during legislative consideration of the cost estimates. The allocation of reductions among funds may be influenced by data provided by SLTC in response to LFD staff questions about the different components of the daily nursing home rate.

LFD staff has requested clarification on how SLTC funded total Medicaid nursing home costs and the amount of each fund source that supports individual rate components. Depending on the documentation provided, LFD staff may bring additional issues to the legislature for its consideration.

**LFD  
ISSUE**

## Potential Impact of AMDD Waiver

The Addictive and Mental Disorders Division (AMDD) has received federal approval to implement a home and community based waiver for adults with a serious and disabling mental illness who require nursing home level of care. Some persons currently receiving nursing home or waiver services administered by SLTC may transition to the AMDD waiver.

LFD staff has requested that the two divisions specify how they will manage funding for these services. If funds follow the person transitioning out of SLTC services to the AMDD waiver, there could be an overall increase in the number of persons served. If funds do not follow the person, then the cost of caring for persons already receiving services will be shifted from one division to another. If there is no overall expansion in services, it might not be within statutory guidelines to fund the AMDD waiver with health and Medicaid initiatives account state special revenue since those funds must be used for rate increases or service expansions in the Medicaid program.

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				189,670					195,091
Vacancy Savings				(41,883)					(42,100)
Inflation/Deflation				1,087					1,162
Fixed Costs				(8,712)					(8,712)
Total Statewide Present Law Adjustments				\$140,162					\$145,441
DP 22207 - Annualize Nursing Home Provider Tax									
0.00	0	2,500,000	5,401,391	7,901,391	0.00	0	2,500,000	5,288,162	7,788,162
DP 22209 - Annualize Waiver Expansion Costs									
0.00	(419,748)	829,669	750,433	1,160,354	0.00	(406,035)	829,669	736,720	1,160,354
DP 22210 - Medicaid Nursing Home FMAP Adj									
0.00	2,894,405	0	(2,894,405)	0	0.00	3,033,599	0	(3,033,599)	0
DP 22211 - Home Based Medicaid FMAP Adj									
0.00	578,956	0	(578,956)	0	0.00	606,220	0	(606,220)	0
DP 22212 - Medicaid Waiver FMAP Adjustment									
0.00	491,021	0	(491,021)	0	0.00	514,859	0	(514,859)	0
DP 22213 - Nursing Home Caseload Adjustment									
0.00	(1,417,532)	0	(3,062,657)	(4,480,189)	0.00	(1,620,775)	0	(3,428,368)	(5,049,143)
DP 22214 - Medicaid Home Based Svs Caseload Adjustment									
0.00	393,748	0	860,625	1,254,373	0.00	901,486	0	1,961,283	2,862,769
DP 22215 - FMAP Change for I-149 NH Provider Increase									
0.00	0	111,741	(111,741)	0	0.00	0	117,192	(117,192)	0
DP 22216 - FMAP Change for I-149 Home Based Provider Increase									
0.00	0	14,651	(14,651)	0	0.00	0	15,366	(15,366)	0
DP 22217 - FMAP Change for I 1-149 Waiver Provider Rate Inc									
0.00	0	12,213	(12,213)	0	0.00	0	12,809	(12,809)	0
DP 22218 - Annualize Nursing Home Direct Care Wage									
0.00	(380,933)	519,324	(138,391)	0	0.00	(374,182)	476,173	(101,991)	0
DP 22219 - FMAP Change - I-149 Home Based Direct Care Wages									
0.00	0	34,149	(34,149)	0	0.00	0	35,815	(35,815)	0
DP 22220 - FMAP Change - I-149 Direct Care Wages Med Waiver									
0.00	0	6,994	(6,994)	0	0.00	0	7,336	(7,336)	0
DP 22223 - Nursing Home IGT Adjustment									
0.00	0	977,007	1,591,700	2,568,707	0.00	0	1,733,139	3,051,961	4,785,100
Total Other Present Law Adjustments									
0.00	\$2,139,917	\$5,005,748	\$1,258,971	\$8,404,636	0.00	\$2,655,172	\$5,727,499	\$3,164,571	\$11,547,242
Grand Total All Present Law Adjustments				\$8,544,798					\$11,692,683

**DP 22207 - Annualize Nursing Home Provider Tax** - This present law adjustment adds \$15.7 million total funds over the biennium including \$5.0 million in state special revenue, for the adjustment in the nursing home bed utilization fee. The daily fee rose from \$7.05 per day in FY 2006 to \$8.30 per day in FY 2007. The FY 2006 provider tax expenditures totaled \$3.5 million in state special revenue, while the FY 2007 revenues are estimated to be \$6.0 million. The tax is used to draw down federal matching funds and increase the daily Medicaid rate paid for nursing home services.

<b>LFD ISSUE</b>	LFD staff has requested the documentation supporting the estimate of bed days subject to taxation. The amount of bed tax revenue was not adjusted between the agency budget submission and the final executive budget even though the estimate of Medicaid eligible nursing home bed days declined. Unless Medicaid trends are different than industry trends, there should also be a reduction in the bed tax revenue anticipated during the 2009 biennium.
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**LFD  
COMMENT**

The Deficit Reduction Act of 2005 (DRA) included a provision that could impact Medicaid provider taxes in general and the Montana nursing home bed fee in particular. The federal Centers for Medicare and Medicaid Services (CMS) has considered implementing regulations to reduce the amount of funding that can be generated by provider taxes and used as state matching funds. In general, federal regulations limit provider taxes used as Medicaid match to no greater than 6.0 percent of gross revenue received by a provider class, for example nursing homes would be a provider class. The Montana nursing home utilization fee is very close to that limit.

Originally CMS considered lowering that limit from 6.0 to 3.0 percent, but congressional legislation has been drafted to limit the change from 6.0 to 5.5 percent. If provider taxes are limited to 3 percent of nursing home revenue, the bed day revenue would be reduced from about \$16.6 million to \$8.3 million annually, resulting in a total funding reduction of \$28.0 million annually for the nursing facility program. If the limit is established at 5.5 percent, the Montana tax can remain at its current level.

**DP 22209 - Annualize Waiver Expansion Costs -** The executive budget requests \$2.3 million over the biennium, including \$1.6 million in tobacco tax state special revenue, to annualize the expansion of the Medicaid community-based waiver program in FY 2007 funded by the 2005 Legislature. This request also includes a funding shift to replace the general fund that supported the FY 2006 expansion with tobacco tax state special revenue, lowering the amount of general fund support by \$0.8 million. The expansion added about 100 additional slots for Home and Community Based services. Base level expenditures were \$23.8 million, supported 1,529 slots, and served 1,938 people.

**LFD  
ISSUE**

The waiver serves both aged and disabled Medicaid eligible persons. Figure 82 shows the number of persons served by eligibility and age of recipient and the average cost per recipient and per waiver slot for FY 2004 through FY 2006.

The cost to serve disabled recipients is higher than the cost to serve aged recipients because of patient acuity levels and service needs. The most expensive group is disabled adults, with an average cost per recipient of \$15,002 in FY 2006 compared to \$7,480 for disabled children and \$9,796 for persons age 64 and over. The number of children served has almost doubled over the last 3 years, rising from 55 in FY 2004 to 103 in FY 2006, partly due to a division initiative discussed later. The number of aged recipients has shown the least increase rising by 65 persons over the same time period.

Figure 82 Number of Persons Served in Waiver by Eligibility, Cost per Recipient and Slot from FY 2004 to FY 2006									
Eligibility/Age	FY 2004			FY 2005			FY 2006		
	Number Served	Cost per Recipient	Slot*	Number Served	Cost per Recipient	Slot	Number Served	Cost per Recipient	Slot
Disabled									
0 - 17	55	\$10,174	\$9,308	69	\$8,784	\$10,138	103	\$7,480	\$9,653
18-64	<u>668</u>	<u>15,544</u>	<u>18,560</u>	<u>681</u>	<u>15,131</u>	<u>18,560</u>	<u>737</u>	<u>15,002</u>	<u>20,566</u>
<b>Subtotal</b>	723	\$15,136	\$18,668	750	\$14,664	\$17,974	840	\$14,370	\$19,746
Age 64 +	1,092	\$8,985	\$13,568	1,117	\$9,678	\$13,621	1,157	\$9,796	\$14,091
<b>Total</b>	1,815	\$11,549	\$16,336	1,867	\$11,817	\$15,983	1,997	\$11,951	\$17,156
Annual Change				2.9%	2.3%	-2.2%	7.0%	1.1%	7.3%
* Average annual cost per slot was derived as an average of costs for consumers enrolled in the waiver for 360 days or more.									

LFD staff has asked SLTC to provide the following information and address the following questions during legislative consideration of the executive budget:

1. Please provide the unduplicated number of children served by type of disability from FY 2004 through FY 2006;
2. Why does the average cost for waiver services decline between FY 2004 and FY 2005; and

**LFD  
ISSUE  
CONT.**

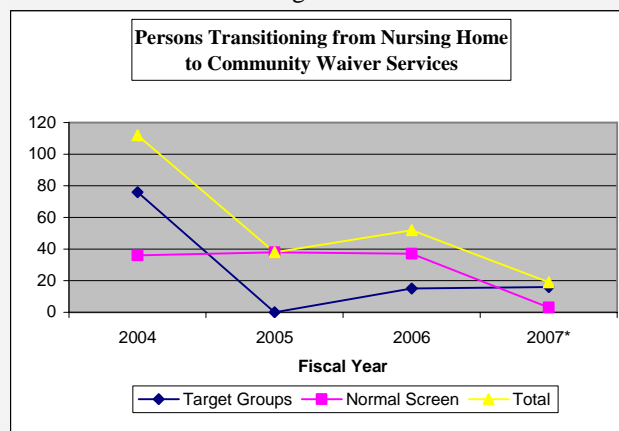
Figure 83 shows the number of persons in nursing facilities screened for waiver services and the number transitioned to waiver services. Figure 83 does not include persons who transition to waiver services from other levels of care. The number of transitions for FY 2007 is the estimate provided by SLTC.

There are two types of service transitions listed. The first type - “target initiatives” - is a division initiated screening process to identify specific groups of persons in nursing homes that could be transferred to the waiver. For example, the target initiative undertaken in FY 2004 involved identifying and screening persons younger than 64 who were in nursing homes. In the target initiative group, funds “follow” the person, meaning that the nursing home appropriation is reduced and the waiver appropriation increased if a person moves from the nursing home to the waiver. The “normal process” transition would be persons who transition from nursing home services to the waiver without a special initiative by SLTC.

The number of persons transitioning from nursing home level of care to waiver services has continually declined since FY 2004. LFD staff requested that SLTC provide the following information for the legislature during its consideration of the waiver services budget request:

1. What has caused the decline in the number of persons transitioning from nursing facilities to the waiver over the last few years;
2. How many persons are on the waiting list for services by type of eligibility and age;
3. How many persons transitioned from the waiting list to waiver services; and
4. Does SLTC have any specific target initiatives that it would pursue during the 2009 biennium?

Figure 83



DP 22210 - Medicaid Nursing Home FMAP Adj - This request adds \$5.9 million general fund over the biennium and reduces federal funds by the same amount due to a reduction in the federal Medicaid match rate. The Montana state match rate changes from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009.

DP 22211 - Home Based Medicaid FMAP Adj - This request adds \$1.2 million general fund over the biennium and reduces federal funds by the same amount due to a reduction in the federal Medicaid match rate. The required state match changes from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009.

DP 22212 - Medicaid Waiver FMAP Adjustment - This request adds \$1.0 million general fund over the biennium and reduces federal funds by the same amount due to a reduction in the federal Medicaid match rate. The required state match changes from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009.

DP 22213 - Nursing Home Caseload Adjustment - This decision package reduces nursing home costs by \$9.5 million total funds over the biennium including \$3.0 million in general fund due anticipated reductions in the number of days of care compared to the FY 2006 base budget. The executive request funds 31,525 fewer bed days in FY 2008 and 37,431 fewer days in FY 2009 compared to the FY 2006 base level of 1,212,664 days of care. That level represents 86 fewer Medicaid nursing home clients in FY 2008 and 103 in FY 2009, compared to an annual amount of 3,322 in FY 2006.

**LFD  
COMMENT**

The executive budget overstates the general fund reduction in its caseload estimate, because the state matching amount is based on an incorrect federal match rate. The state funding reduction should be \$42,001 less over the biennium than stated in the executive budget. Figure 78 (total Medicaid) shows the correct funding.

Depending on the nursing home caseload adopted by the legislature, the reduction in state matching funds would also be allocated to tobacco tax revenue since it can only be used for rate increases or expanded services in the Medicaid program. A reduction in present law services in conjunction with maintaining base rates would necessitate a proportional decline in state special revenue funding as well.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** Occupancy levels in Montana nursing homes have declined from an 87 percent occupancy level in 1997 to the current statewide occupancy level of 75 percent. While overall occupancy has fallen, the Medicaid percentage of days covered has remained relatively consistent at about 61 percent. Budgeting for a lower Medicaid cost will allow resources to be allocated among other uses.

**Goals:**

- Provide high quality nursing facility services to Medicaid eligible elderly and disabled
- Transition individuals from nursing facilities into community alternatives with money follows the person philosophy
- Aggressively manage Medicaid entitlements
- Reinvest in program areas that increase the ability of Montanans to prepare to meet their own long term care needs and support Montanans in their desire to stay in their own home or live in smaller residential settings for as long as possible

**Performance Criteria:** The program will monitor budget activity monthly and annually to operate program expenditures within appropriated funding levels over the course of the biennium.

**Milestones:** The program will monitor budget activity monthly and annually to operate programs within appropriated funding levels over the course of the biennium and establish payment rates that incorporate declining Medicaid caseload assumptions on July 1 of each year of the biennium.

**FTE:** No additional FTE will be required for this decrease in caseload for these services.

**Funding:** The funding for this proposal is at the Medicaid services matching rate of about 31 percent state funds and 69 percent federal funds.

**Obstacles:** Montana has one of the highest growth rates in the proportion of its aged population to its general population compared to other states. It maybe difficult to fund the needed levels of service in the future. Additionally, all medical providers, including nursing homes are having increasing difficulty finding sufficient numbers of nurses and certified nurse aides. Some facilities have had to stop admitting new residents for periods of time because they cannot hire the staff to do the work or must incur higher costs of hiring from agency or temp staffing groups to meet resident needs.

**Risk:** If caseload reductions do not occur at the levels anticipated, expenditures will exceed the budgeted authority. The program would have to make reductions in other services or provider rates to stay within budget.

**LFD  
COMMENT**

LFD staff observations for the goals, performance criteria, milestones, and obstacles to help the legislature evaluate this service are included in the following section.

Program goals are specific, but not measurable: The criteria listed to measure performance are not directly related to achieving program goals. While budget management is an integral component of good program administration, staying within appropriation levels will not convey whether nursing home services are high quality, individuals are transitioned to community services, or the program is aggressively managed to insure it does not consume more resources than necessary.

The milestones apply to performance criteria, but not to the program goals.

The obstacles noted are general and it is not readily apparent how the future obstacles apply to the present budget request.

**LFD  
COMMENT**

The LFD estimate of nursing home costs is discussed at the beginning of the Medicaid services subprogram. LFD staff estimates of nursing home costs are \$3.5 million (\$0.6 million state funds) lower over the 2009 biennium than the executive budget request.

DP 22214 - Medicaid Home Based Svs Caseload Adjustment - This request funds anticipated caseload growth for Medicaid home based services, which includes personal care/personal assistance, home health, and the hospice program, at an estimated cost of about \$3.1 million total funds, including \$1.3 million general fund over the biennium.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: Personal assistance is the largest, and a critical, component of the home based services, which allows elderly and disabled persons to live in their own homes. SLTC has instituted actions to control program expenditures while trying to ensure that people receive the level of services they need to remain in the community. Despite these actions, the program has grown over the years, with a slight increase in the numbers of participants as well as in the number of units of service required per recipient due to increasing care needs. The increase is based on historic trends.

Goal: Prevent or delay institutionalization by providing medically necessary, long-term maintenance or supportive care in the recipient's residence to help reduce the need for more expensive acute care in other settings.

Performance Criteria:

- Eligible individuals will continue to receive appropriate in-home care as authorized by the 3<sup>rd</sup> party prior authorization system
- SLTC staff will monitor program budgets monthly to insure that program is operating within funding levels as appropriated and utilization is consistent with expected program growth rates

Milestones: The program will monitor budget activity monthly and annually to operate program expenditures within appropriated funding levels over the course of the biennium.

FTE: No additional FTE will be required for this increase in caseload for these services.

Funding: Medicaid services are funded at about 31 percent state funds to about 69 percent federal funds.

**Obstacles:** Shortages of staff who are willing and able to perform difficult, often intimate, personal care tasks for vulnerable people are an issue. Continuation of funding initiatives such as the direct care wage initiative approved in the 2005 legislative session will help in attracting individuals to direct care work.

**Risk:** If caseload increases are not approved, expenditures will exceed the budgeted authority as demand increases for more services and as more eligibles access these services. Long term demand is likely to continue to increase as the population of Montana ages. If resources are not available to meet the increased demand, modifications or reductions would be made to the services package that can be offered under personal assistance and other home based programs.

# **LFD COMMENT**

LFD staff observations for the goals, performance criteria, milestones, and obstacles to help the legislature evaluate this service are included in the following section.

The program goal is specific, but not measurable. While personal assistance services are the single largest service component of home based services, there are no goals for hospice or home health services.

The criteria listed to measure performance are very general and the budget monitoring criteria does not assess whether the goal has been achieved. While budget management is an integral component of good program administration, staying within appropriation levels will not convey whether service levels are appropriate or whether the services prevented or delayed placement of persons in a more acute care setting.

The milestones listed apply to the budget monitoring performance criteria listed. However, the performance criteria (and therefore milestones) do not measure whether the program accomplished its goals.

DP 22215 - FMAP Change for I-149 NH Provider Increase - This request adds \$0.2 million in state special revenue cigarette tax funds over the biennium and reduces federal funds by a like amount. The Montana state match rate increases from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009.

DP 22216 - FMAP Change for I-149 Home Based Provider Increase - This request adds about \$30,000 in state special revenue cigarette tax funds over the biennium and reduces federal funds by a like amount. The Montana state match rate increases from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009.

DP 22217 - FMAP Change for I 1-149 Waiver Provider Rate Inc - This request adds about \$25,000 in state special revenue cigarette tax funds over the biennium and reduces federal funds by a like amount. The Montana state match rate increases from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009.

DP 22218 - Annualize Nursing Home Direct Care Wage - This request makes two adjustments: 1) it adds about \$240,034 in state special revenue cigarette tax funds over the biennium and reduces federal funds by a like amount to account for the reduction in federal Medicaid match rates; and 2) it shifts the full cost of the direct care wage increase authorized by the 2005 Legislature from general fund (nearly a \$650,059 decrease over the biennium) to cigarette tax state special revenue which increases by a like amount. Together these two adjustments increase cigarette tax revenue \$937,093 over the biennium.

# **LFD ISSUE**

LFD staff has requested that SLTC provide the supporting documentation for this request to insure that funding for nursing home costs in the 2009 biennium, together with this request, conform to statutory uses of health and Medicaid initiatives account state special tobacco tax revenue and to ensure the total nursing home appropriation is funded correctly.

DP 22219 - FMAP Change - I-149 Home Based Direct Care Wages - The executive budget includes a funding shift that reduces federal funds and increases tobacco tax state special revenue by about \$70,000 to annualize direct care worker wage increases authorized by the 2005 Legislature and account for the federal Medicaid match rate change.

DP 22220 - FMAP Change - I-149 Direct Care Wages Med Waiver - The executive budget includes a funding shift that reduces federal funds and increases tobacco tax state special revenue by about \$14,000 to annualize direct care worker wage increases authorized by the 2005 Legislature and to account for the federal Medicaid match rate change.

DP 22223 - Nursing Home IGT Adjustment - This request adds \$7.3 million over the biennium, with the state share coming from local county resources, to fund increases in county nursing home intergovernmental transfer payments (IGT). This program allows counties to transfer a portion of the funds used to support county nursing homes to DPHHS. The transferred funds are applied as Medicaid match to draw down additional federal Medicaid funds and raise the daily nursing home reimbursement.

### LFD COMMENT

The legislature appropriated funds to implement the county nursing home IGT in the 1999 legislative session. The Montana IGT program was structured to meet newly published federal guidelines and has been revised several times as federal rules have evolved and become more stringent.

The 2005 Legislature appropriated \$19.7 million total funds, including \$5.7 million in county funds, for the FY 2006 IGT program. However, counties transferred about a third of the amount anticipated in the base budget year - \$1.9 million - to leverage a total of \$4.6 million federal funds. The reduction was partially in response to changes in federal rules that require counties to use federal Medicaid IGT revenue only for nursing home costs and the potential to repay balances not spent in accordance with federal rule. Previously, this requirement had been applied to states receiving the IGT federal funds, but not to the counties making the initial transfer payment.

The IGT program was recently audited by the Centers for Medicare and Medicaid Services (CMS), the federal agency that administers Medicaid. The Montana program passed the audit with no findings or repayment requirements. Montana is the only state in its federal region to operate a substantial IGT program. SLTC has worked with county governments and county nursing homes to ensure compliance with federal IGT guidance.

The legislature may wish to line item and restrict amounts it decides to appropriate for the IGT. CMA may promulgate additional changes to the program or potentially not approve the Montana IGT plan in future years, despite program compliance with all federal guidelines. Restricting the appropriation would limit "hollow" appropriation authority that could be transferred and used for other purposes if the Montana IGT changes or is not approved.

### New Proposals

New Proposals										
Sub Program	FTE	-----Fiscal 2008-----				-----Fiscal 2009-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22119 - Waiver Expansion										
01	0.00	838,161	0	1,810,894	2,649,055	0.00	850,347	0	1,798,708	2,649,055
DP 22501 - Provider Rate Increases										
01	0.00	0	1,573,431	3,439,091	5,012,522	0.00	0	1,578,443	3,434,083	5,012,526
DP 22904 - Personal Needs Increase										
01	0.00	0	128,071	0	128,071	0.00	0	128,438	0	128,438
<b>Total</b>	<b>0.00</b>	<b>\$838,161</b>	<b>\$1,701,502</b>	<b>\$5,249,985</b>	<b>\$7,789,648</b>	<b>0.00</b>	<b>\$850,347</b>	<b>\$1,706,881</b>	<b>\$5,232,791</b>	<b>\$7,790,019</b>



DP 22119 - Waiver Expansion - This proposal requests \$5.3 million total funds over the biennium, including \$1.7 million general fund, to expand the Medicaid Home and Community Based Waiver program (HCBS). This expansion would add about 100 new service slots for individuals waiting to access community services in home or assisted living settings, supported living, or heavy care slots such as ventilator or traumatic brain injury services.

To be eligible for the waiver program an individual must be elderly or disabled, Medicaid eligible, and require nursing facility or hospital level of care. The majority of the recipients served meet the nursing facility level of care criteria. Because the waiver is not an entitlement, the program has waiting lists, which require that some eligible people wait for services until additional resources are appropriated by the legislature.

**LFD  
ISSUE**

If the legislature approves this request it could consider funding the expansion with state special revenue from the health and Medicaid initiatives account. Additionally, LFD staff has requested that SLTC estimate how many persons may transition from nursing home to waiver services if this proposal were to be approved. The legislature may be able to further lower the nursing home appropriation depending on the estimate.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** There are about 600 individuals on the waiver service waiting list. Historically, the waiting list has fluctuated between 450 to 600 individuals on it at any given point in time and is expected to grow as the aging population grows.

**Goal:** Increase the number of individuals served under the Medicaid home and community waiver by at least 102 over the biennium.

**Performance Criteria:** 102 individuals will be provided the opportunity to transition to waiver services and will be removed from the waiting list. SLTC staff will monitor performance and modify transition plans based on availability of funding and needs of individuals served.

**Milestones:** Effective July 1, 2007 begin transition of 102 individuals into community service placements under the waiver program.

**FTE:** No additional FTE will be required.

**Funding:** The funding is at the Medicaid match rate of about 31 percent state funds to about 69 percent federal funds.

**Obstacles:** One of the most difficult policy questions is how to expand assisted living services without creating a highly desirable publicly funded service that could reduce the incentive people have to meet their own long term care needs. Due to the increasing demands for community based services the movement of individuals from the waiting list may result in only a temporary reduction to the waiting list.

**Risk:** If individuals do not have access to necessary community based services they are at risk of placement in a nursing facility or hospital placement. Or, if persons are currently residing in a nursing facility or hospital, they may have little choice of alternative placements without the resources to develop appropriate community service plans.

DP 22501 - Provider Rate Increases - The executive budget includes \$10.0 million over the biennium for Medicaid provider rate increases, with \$3.1 million in state matching funds from the health and Medicaid initiatives account.

**LFD  
COMMENT**

The provider rate increases are not adjusted for caseload changes between fiscal years. Since nursing homes benefits are significantly greater than the other Medicaid services administered by SLTC, the amount to support provider rate increases will be dependent on the caseload estimates adopted by the legislature. LFD staff will prepare an estimate of a provider rate increase for SLTC after the legislature has determined an appropriation level for those services.

DP 22904 - Personal Needs Increase - This decision package requests \$256,509 tobacco trust interest funds over the biennium to provide for increases in the personal needs allowance for nursing facility residents from \$40.00 per month to \$50.00 per month. Personal needs funds are used by residents to purchase personal items that are not covered under the nursing facility reimbursement such as postage, cards, gifts and beauty shop services for residents.

## Sub-Program Details

## VETERANS 02

## Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	124.01	0.00	5.80	129.81	0.00	5.80	129.81	129.81
Personal Services	4,830,497	627,890	160,401	5,618,788	704,838	344,106	5,879,441	11,498,229
Operating Expenses	4,136,949	825,574	180,000	5,142,523	822,886	165,000	5,124,835	10,267,358
Equipment	100,165	0	40,000	140,165	0	0	100,165	240,330
Debt Service	9,741	3,030	0	12,771	3,300	0	13,041	25,812
<b>Total Costs</b>	<b>\$9,077,352</b>	<b>\$1,456,494</b>	<b>\$380,401</b>	<b>\$10,914,247</b>	<b>\$1,531,024</b>	<b>\$509,106</b>	<b>\$11,117,482</b>	<b>\$22,031,729</b>
State/Other Special	5,949,799	1,409,379	380,401	7,739,579	1,442,795	509,106	7,901,700	15,641,279
Federal Special	3,127,553	47,115	0	3,174,668	88,229	0	3,215,782	6,390,450
<b>Total Funds</b>	<b>\$9,077,352</b>	<b>\$1,456,494</b>	<b>\$380,401</b>	<b>\$10,914,247</b>	<b>\$1,531,024</b>	<b>\$509,106</b>	<b>\$11,117,482</b>	<b>\$22,031,729</b>

Veterans' services comprise 4.6 percent of the FY 2009 division budget request. The program administers the two veterans' homes. The Montana Veterans' Home (MVH-Columbia Falls) is staffed by state employees and operation of the Eastern Montana Veterans' Home (Glendive) is contracted, with 1.00 FTE state program administrator to oversee the contract.

The most significant change is in personal services, due to statewide present law adjustments that fully fund FTE, adjustments for overtime pay, and reclassification of nursing positions from pay plan 60 to pay plan 20 (broad band). Fixed cost increases for utilities are also a significant component of state wide present law adjustments.

Present law adjustments add about \$3.0 million in state special cigarette tax revenue over the biennium and new proposals add \$0.9 million and 5.80 new FTE. Except for \$55,000 in FY 2008, all of the requests for increased funding support MVH.

As noted in the division funding section, legislative appropriations from cigarette tax revenues allocated to the operation of the veterans' homes impacts general fund revenues. Statute allocates the greater of 8.3 percent or \$2 million in cigarette tax revenues to the veterans' homes. Executive budget funding requests, primarily to operate MVH, reduce the general fund transfer from nearly \$3 million per year in the 2007 biennium to under \$0.5 million in FY 2008 and \$0.2 million in FY 2009.

LFD  
ISSUE

LFD staff requested information about:

- Federal and private revenues available to offset state funding costs at MVH
- Average daily population estimates
- Federal reimbursements from the Veterans' Administration

**LFD  
ISSUE  
CONT.**

Figure 84 shows revenue estimates for MVH during the 2009 biennium that were developed by DPHHS staff that manage the federal billing and other income receipt for institution services. The sources of revenue listed include private, insurance, Medicaid, Medicare, and Veterans' Administration payments.

**Option**

The revenue estimated by DPHHS staff for MVH services from sources other than cigarette tax is \$2.4 million greater over the 2009 biennium than included in the executive budget. The legislature may wish to use the higher estimates and offset cigarette tax state special revenue funding by a like amount.

**Figure 84****Revenue Sources Supporting MVH Executive Budget Request**

Revenue Source	FY 2008	FY 2009	% of Ttl
Private Payments	\$2,826,350	\$2,860,760	51.3%
Veterans' Administration	2,332,380	2,379,185	42.7%
Medicare Reimbursement	252,091	251,405	4.5%
Insurance Payments	81,843	81,620	1.5%
Total DPHHS Projection	<u>\$5,492,663</u>	<u>\$5,572,970</u>	100.0%

Total in Executive Budget	<u>\$4,304,544</u>	<u>\$4,390,757</u>
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Difference	\$1,188,119	\$1,182,213
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Source: Department of Public Health and Human Services, November 3, 2006

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----					-----Fiscal 2009-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				471,602					522,436	
Vacancy Savings				(212,082)					(214,118)	
Inflation/Deflation				41,162					48,962	
Fixed Costs				(3,074)					6,825	
Total Statewide Present Law Adjustments				\$297,608	\$364,105					
DP 22205 - Montana Veterans' Home Expense Adjustments										
	0.00	0	908,886	0	908,886	0.00	0	916,919	0	916,919
DP 22909 - Montana Veterans' Home Contingency Fund Line Item										
	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
Total Other Present Law Adjustments										
	0.00	\$0	\$1,158,886	\$0	\$1,158,886	0.00	\$0	\$1,166,919	\$0	\$1,166,919
Grand Total All Present Law Adjustments				\$1,456,494	\$1,531,024					

**DP 22205 - Montana Veterans' Home Expense Adjustments** - The executive budget includes \$1.8 million over the biennium from cigarette tax state special revenue funds to provide for adjustments in operating costs for overtime, holiday pay, differential pay, and increases in food costs, utilities and other supplies at MVH. Overtime costs of \$0.8 million are the most significant component of the request.

**LFD  
COMMENT**

SLTC will be presenting additional information on recruitment and retention of staff for legislative consideration. The information should include a preliminary analysis of whether wage, work schedule, and education initiatives have helped retain staff and if so, whether overtime and base costs for contracted staff can be reduced from historic levels.

**LFD  
COMMENT  
CONT.**

Figure 85 shows major components of the adjustment compared to FY 2006 costs. The majority of the request is for overtime, shift differential, and holiday pay. Over a third of the request is not allocated. Other components with a value in excess of \$20,000 are listed. The "other cost adjustments" in the table include increases in utilities, food, and supplies.

The majority of the adjustment is recorded in unallocated costs, making it difficult to determine why the funds are requested. The narrative accompanying the budget request does not include any additional information. LFD staff has requested information from SLTC about the amount that is not specified.

**Figure 85**  
**Components of DP 22205 - MVH Expense Adjustments**

Type of Cost	FY 2006	FY 2008	FY 2009	Percent of Total
Unallocated Costs	\$0	\$425,030	\$342,711	37.4%
Overtime	276,838	368,370	396,520	43.2%
Temporary Staff	742,961	19,800	40,194	4.4%
Bed Tax Collection	244,579	26,402	26,402	2.9%
Physician Services	69,573	22,734	25,447	2.8%
Other Costs	<u>6,311,255</u>	<u>46,550</u>	<u>85,635</u>	<u>9.3%</u>
Total	<u>\$7,645,206</u>	<u>\$908,886</u>	<u>\$916,909</u>	<u>100.0%</u>

**DP 22909 - Montana Veterans' Home Contingency Fund Line Item** - This decision package requests continuation of the current restricted Montana Veterans' Home Contingency Fund appropriation in HB2 of \$250,000 state special revenue from cigarette tax each year of the biennium. These funds may be utilized only subject to a determination by the office of budget and program planning that federal and/or state special revenue appropriations are insufficient to operate the Veterans' Home in Columbia Falls. This appropriation was authorized in both the 2003 and 2005 legislatures.

**New Proposals**

Fiscal 2008						Fiscal 2009				
Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22101 - EMVH Resident Bus Replacement - OTO										
02	0.00	0	40,000	0	40,000	0.00	0	0	0	0
DP 22103 - MVH Facility Upgrades- OTO										
02	0.00	0	165,000	0	165,000	0.00	0	165,000	0	165,000
DP 22104 - MVH Recruitment and Retention Contingency										
02	0.00	0	0	0	0	0.00	0	183,000	0	183,000
DP 22105 - MVH Special Care Unit Staff										
02	5.20	0	137,862	0	137,862	5.20	0	138,421	0	138,421
DP 22106 - MVH Pharmacy Clerk										
02	0.60	0	22,539	0	22,539	0.60	0	22,685	0	22,685
DP 22107 - EMVH Fire Alarm System - OTO										
02	0.00	0	15,000	0	15,000	0.00	0	0	0	0
<b>Total</b>	<b>5.80</b>	<b>\$0</b>	<b>\$380,401</b>	<b>\$0</b>	<b>\$380,401</b>	<b>5.80</b>	<b>\$0</b>	<b>\$509,106</b>	<b>\$0</b>	<b>\$509,106</b>

**DP 22101 - EMVH Resident Bus Replacement - OTO** - This decision package is requesting one-time-only funding from the cigarette tax state special revenue fund of \$40,000 to replace a bus, which is used to transport residents of the Eastern Montana Veterans' Home in Glendive. The EMVH is soliciting donations from charitable and Veterans' Groups to help offset a portion of the cost of this bus.

**DP 22103 - MVH Facility Upgrades- OTO** - This decision package is requesting one-time-only state special revenue funds of \$330,000 over the biennium for facility upgrades at MVH. These upgrades will include replacing 80 beds with adjustable hi-lo electric beds to reduce back injuries suffered by caregivers.

This proposal also includes \$120,000 per year from the cigarette tax state special revenue to remodel MVH bathrooms to replace countertops, cabinets, toilets, sinks and flooring.

DP 22104 - MVH Recruitment and Retention Contingency - This proposal includes \$183,000 from cigarette tax state special revenue for a contingency fund in FY 2009 for MVH to provide recruitment and retention wage increases. The purpose is to maintain a competitive wage for MVH direct care staff in the Flathead Valley and to assist in recruitment and retention of staff.

The facility would conduct a wage survey of other, nearby health care facilities in the spring of 2008 to determine if MVH direct care staff wages (registered nurses (RNs), licensed practical nurses (LPNs) and certified nurse assistants (CNAs)) remain competitive. In the event that there is a disparity of \$2.00 per hour or more, a wage increase of \$1.50 per hour would be authorized for licensed staff to remain competitive with other employers. If a wage disparity of \$1.00 per hour or more occurred for CNAs, a wage increase of \$.75 cents per hour would be authorized to remain competitive with other employers.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: MVH must compete with other health care facilities in the Flathead Valley for a limited pool of direct care staff. As MVH wages fall behind other facilities, it becomes increasingly difficult to recruit and retain qualified direct care staff at MVH. The facility must contract with temporary employment contractors (agency staff) at a much higher cost so that mandated staffing levels are maintained. The 2005 Legislature directed the department to aggressively pursue options to resolve the problem of recruitment and retention of staff at MVH, including consideration of such options as moving to pay plan 20, innovative education plans to promote advancement of staff and partnerships with the university system to promote educational opportunities for direct care staff. In October of 2005, the SLTC moved RN's and LPN's to pay plan 20 in an effort to be more competitive and adopted a more flexible 12 hour shift option for staff.

Goal:

- Provide efficient, effective and high quality long term care to veterans
- Reduce overtime and call off of staff as well as reduce the need to utilize agency based staffing to meet the ongoing staffing needs at MVH
- Make wage adjustments, in keeping with the labor market in the Flathead Valley, with a combination of market adjustments in addition to any legislative appropriated increases approved for state employees during the 2009 biennium

Performance Criteria:

- A wage survey of the nearby health care facilities will be conducted in the spring of 2008 by facility staff to determine if MVH direct care wages (RN's, LPN's, and CNA's) remain competitive.
- In the event that there is a disparity of \$2.00 per hour or more, a wage increase of up to \$1.50 per hour would be authorized for licensed staff to remain competitive with other employers.
- If a wage disparity of \$1.00 per hour or more occurred for CNA's, a wage increase of up to \$0.75 cents per hour would be authorized for CNA's to remain competitive.

Milestones: Spring 2008 – wage survey of Flathead Valley health care facilities along with comparisons to labor market data for direct care staff in Montana will be benchmarks for triggering the use of the recruitment and retention contingency resources.

FTE: Current staff at the MVH would perform the wage analysis of the Flathead Valley and look at other published labor market data in determining need for increases.

Funding: This proposal is funded entirely from cigarette tax state special revenue. All other anticipated revenue from the operation of the MVH has been budgeted in the base budget.

**Obstacles:** Increasing wages to be more competitive and efforts to motivate staff may not be sufficient for MVH to fill all vacancies. MVH may still need to rely on contracted agency staff to meet the needs of providing health care on a 24/7 basis.

**Risk:** MVH may not be able to assure mandated staffing levels due to noncompetitive wages and an ongoing shortage of nursing staff in the Flathead area and provide quality care to facility residents. Without adequate staffing the need to rely on more expensive agency staff could cause budget over runs or the need to look at limiting admissions to MVH so that there would be adequate staff resources to meet the needs of facility residents.

#### LFD COMMENT

The performance criteria and milestones relate very well to conducting a wage survey, but not to the primary goal of maintaining a well qualified staff for MVH. The legislature may wish to ask SLTC to propose performance criteria and milestones that address overall recruitment and retention in addition to administration of a wage initiative.

SLTC will address its efforts to retain staff during the 2007 biennium with the legislature. SLTC has initiated non wage components that affect recruitment and retention as part of its initiative as well as wage related actions. The legislature may wish to review outcomes to date to determine what strategies are most effective.

#### LFD ISSUE

If the legislature funds this proposal, it may consider whether to reduce the amount already in the base budget and annual 2009 biennium budgets for contract staff (\$1.3 million each year). If wage initiatives are a significant impetus to maintaining staff, it would seem that the level of contract staff should be lower.

If the legislature approves this proposal it may wish to line item and restrict this appropriation. It could also consider attaching conditions to the expenditure of funds drawn, perhaps from revised performance criteria and wage disparity between the wage survey and current MVH wages.

**DP 22105 - MVH Special Care Unit Staff -** This proposal would fund additional staff for the Special Care Unit (SCU) at MVH. The 15-bed SCU is at full occupancy with a waiting list. Because many of the clients are in advanced stages of dementia, MVH has been experiencing a greater number of patient accidents in this unit. This proposal requests one additional CNA for two shifts seven days a week (3.20 FTE), one activities aide for one shift seven days a week (1.60 FTE) and a housekeeper on the weekends for the SCU (0.40 FTE). The total cost for these FTE is about \$140,000 per year and would be funded from the cigarette tax state special revenue fund.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** Additional CNA staffing and additional activities staff resources would provide more one-on-one supervision and direction of the SCU residents and more tailored and focused activities that are designed specifically for residents with dementia and complex care needs. The additional house keeping staff would provide more resources on weekends, to avoid pulling staff from the main floor to the SCU, in order to maintain facility cleanliness and infection control requirements.

**Goal:** Assure mandated staffing levels are maintained; provide quality of care to residents; maintain health and safety of residents; reduce the risk of accidents and injuries; and maintain facility cleanliness.

## Performance Criteria:

- Compliance with survey requirements related to staffing levels, infection control and cleanliness
- Reduction in the number of patient accidents/injuries in SCU as part of the 2008 annual survey of the facility by Quality Assurance Division, Certification Bureau in DPHHS and the Veterans' Administration survey.

Milestones: Compliance with health and safety standards, staffing requirements and reduction of accidents as determined by the 2008 annual health survey conducted by DPHHS and the Veterans' Administration.

FTE: One additional Certified Nursing Assistant (CNA) for two shifts seven days a week (3.2 FTE), one activities aide for one shift seven days a week (1.6 FTE), and one housekeeper on the weekends (0.4 FTE) for the SCU. If these staff resources are not approved the facility will continue the current process of reallocation of existing staff resources and will use more expensive agency and temporary staff to assure that quality care is provided to meet resident care needs on a 24/7 basis, which may result in additional costs to the facility.

Funding: This proposal is funded from the cigarette tax state special revenue account.

Obstacles: Recruitment and retention of qualified staff in the Flathead Valley for staffing support of higher acuity residents in a SCU environment is a challenge. Even with the ability to increase wages to be more competitive, the facility may find it difficult to find enough qualified staff to fill these positions.

Risk: Without these additional SCU staff resources the facility assumes the potential risk of increased accidents for a population that has an inherently higher risk for injury and accidents. The facility assumes risk of survey deficiencies related to staffing, activities, and infection control by the state certification bureau if additional resources are not available. Additionally, the facility will not be able to provide the highest level of quality care to facility residents.

**LFD  
COMMENT**

MVH has not failed survey requirements related to infection and disease control, accident prevention, or staffing levels. If additional staff are funded, the legislature may wish to ask SLTC how likely it is that the positions would be filled due to ongoing recruitment and retention problems. If SLTC believes that these positions can be filled and retained, the legislature may ask whether it could fund these FTE within the contracted services amount in the base budget for contract help (\$1.3 million).

DP 22106 - MVH Pharmacy Clerk - This request funds a 0.60 FTE pharmacy clerk at MVH. This position would be responsible to collect data to be used in Medicare and Medicaid reimbursement as related to the new Medicare Part D prescription drug program. This request for approximately \$23,000 each fiscal year would be funded from cigarette tax state special revenue.

**LFD  
COMMENT**

Legislative staff has asked the agency to provide an estimate of the additional amount of Medicare and Medicaid funding that would be collected for pharmacy services if the funding this FTE were approved. The cost of the FTE could be partially offset by higher collections.

DP 22107 - EMVH Fire Alarm System - OTO - This request for \$15,000 from cigarette tax state special revenue would upgrade the fire alarm system at the Eastern Montana Veterans' Home in Glendive.



## Sub-Program Details

## AGING 03

## Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	8.00	0.00	3.00	11.00	0.00	2.00	10.00	10.00
Personal Services	406,308	18,723	132,066	557,097	20,811	88,124	515,243	1,072,340
Operating Expenses	299,611	3,943	251,974	555,528	6,536	2,600	308,747	864,275
Grants	7,160,481	0	1,292,000	8,452,481	0	692,000	7,852,481	16,304,962
Benefits & Claims	963,994	22,560	179,013	1,165,567	45,120	179,013	1,188,127	2,353,694
<b>Total Costs</b>	<b>\$8,830,394</b>	<b>\$45,226</b>	<b>\$1,855,053</b>	<b>\$10,730,673</b>	<b>\$72,467</b>	<b>\$961,737</b>	<b>\$9,864,598</b>	<b>\$20,595,271</b>
General Fund	2,106,765	28,527	1,471,013	3,606,305	54,472	871,013	3,032,250	6,638,555
Federal Special	6,723,629	16,699	384,040	7,124,368	17,995	90,724	6,832,348	13,956,716
<b>Total Funds</b>	<b>\$8,830,394</b>	<b>\$45,226</b>	<b>\$1,855,053</b>	<b>\$10,730,673</b>	<b>\$72,467</b>	<b>\$961,737</b>	<b>\$9,864,598</b>	<b>\$20,595,271</b>

The aging function administers grants for community services managed by local agencies, and the contract for payment of the state supplement and the monthly supplement amount for persons eligible for Social Security Insurance payments due to their disability and low income. The 2009 biennium budget request increases about \$2.9 million above the FY 2006 base budget.

The single largest request (\$2.0 million general fund) would restore one time only appropriations for aging meal services and in-home care giver grants as well as providing a \$0.3 million increase for meals. The aging services function also includes increases in federal funding to support 3.00 new FTE for an additional ombudsman, an additional health insurance assistant, and an FTE to administer a federal Alzheimer's grant. A provider rate increase of \$0.3 million, funded from health and Medicaid initiative state special revenue, is also included.

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments											
-----Fiscal 2008-----						-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services					36,434					38,608	
Vacancy Savings					(17,711)					(17,797)	
Inflation/Deflation					1,543					1,736	
Total Statewide Present Law Adjustments					\$20,266					\$22,547	
DP 22208 - State Supplement Caseload Increase	0.00	24,960		0	0	24,960	0.00	49,920	0	0	49,920
Total Other Present Law Adjustments											
	0.00	\$24,960		\$0	\$0	\$24,960	0.00	\$49,920	\$0	\$0	\$49,920
Grand Total All Present Law Adjustments					\$45,226					\$72,467	

**DP 22208 - State Supplement Caseload Increase** - This request would fund the projected cost for caseload increase in state supplemental payments for 20 individuals who would transfer from institutional disability services to community programs. The request totals \$24,960 general fund for FY 2008 and \$49,920 general fund for FY 2009. Base expenditures were \$1,073,749 general fund.

The monthly state supplemental payment is \$94 and the state pays a \$10 administrative fee to the Social Security Administration to process the payment. About 860 persons received a monthly supplemental payment in FY 2006.

### New Proposals

New Proposals										
Sub Program	Fiscal 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22108 - Additional Aging Ombudsman Position										
03	1.00	0	0	47,020	47,020	1.00	0	0	45,362	45,362
DP 22109 - Elderly Meal Programs										
03	0.00	692,000	0	0	692,000	0.00	692,000	0	0	692,000
DP 22110 - Continue Aging In-Home Caregiver Program										
03	0.00	600,000	0	0	600,000	0.00	0	0	0	0
DP 22112 - Additional SHIP FTE for Aging Services										
03	1.00	0	0	47,020	47,020	1.00	0	0	45,362	45,362
DP 22127 - SLTC Alzheimer Grant Continuation										
03	1.00	0	0	290,000	290,000	0.00	0	0	0	0
DP 22501 - Provider Rate Increases										
03	0.00	179,013	0	0	179,013	0.00	179,013	0	0	179,013
<b>Total</b>	<b>3.00</b>	<b>\$1,471,013</b>	<b>\$0</b>	<b>\$384,040</b>	<b>\$1,855,053</b>	<b>2.00</b>	<b>\$871,013</b>	<b>\$0</b>	<b>\$90,724</b>	<b>\$961,737</b>

**DP 22108 - Additional Aging Ombudsman Position** - This request would add about \$92,400 federal funds over the biennium to fund an additional 1.0 FTE aging services ombudsman. Currently, there is a single full time position to oversee the long term care ombudsman program. Ombudsman advocate for residents' rights in nursing facilities and community-based settings, such as assisted living, which are increasingly popular long term care alternatives. The number of elderly individuals accessing these services is increasing.

**DP 22109 - Elderly Meal Programs** - This request for \$692,000 general fund each year over the biennium would support aging programs and grants administered by Area Agencies on Aging. The 2005 Legislature appropriated \$567,000 of general fund each year of the 2007 biennium, but designated the appropriation as one time only (OTO), so it was removed from the base budget. This adjustment restores the one time appropriation and increases it by \$125,000 each year.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** The 2005 Legislature approved \$567,000 of OTO general fund to the aging program for grants to local Area Agencies on Aging for Meals on Wheels, congregate feeding programs and other programs for the elderly in the community.

**Goal:** Allow local communities to provide services to elderly Montanans to help them maintain quality of life and remain independent.

Performance Criteria: The services to be provided include meals, in-home services (such as homemaker, home chore, personal care, skilled nursing), access services (such as transportation, information and assistance, shopping assistance), and senior centers. The units of service that have been provided and would continue to be provided with these funds include:

- Congregate meals - 15,400 units of service
- Home delivered meals - 35,000 units of service
- In-Home services - 8,000 units of service
- Access services - 7,500 units of service

FTE: No additional FTE would be required.

Funding: Funding for this proposal is 100 percent general fund.

Milestones: Continuation of these funds would allow the department to maintain programs at the current level of effort.

Obstacles: The major obstacle facing these programs would be the loss of services to the elderly if these funds are reduced or not appropriated. Overall meal costs have been increasing over the last five years resulting in fewer meals that can be served if the funding level does not keep pace with the increase in the number of elderly using these services.

Risk: Without continued funding, there will be a reduction in the numbers of in-home services provided. A reduction or elimination of services could place many elders at risk and may lead to more institutional care.

<b>LFD COMMENT</b>	The justification does not provide a reason to fund the request other than the legislature made the appropriation one time only. Performance criteria and goals do not address the risk identified if the funds are not continued. The performance indicators apply to the FY 2006 expenditure level and do not include the \$125,000 annual increase in the executive budget
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DP 22110 - Continue Aging In-Home Caregiver Program - This request would add \$600,000 in general fund over the biennium for Area Agencies on Aging to provide in-home caregiver services to elderly citizens residing in their homes. These funds were appropriated as one-time-only in the 2007 biennium.

Justification: The 2005 Legislature appropriated \$600,000 general fund as a biennial, restricted, one-time-only appropriation to support in-home caregiver services to contract with local providers. SLTC was prohibited from spending the appropriation for Medicaid matching funds. These funds were passed through to Area Agencies on Aging to provide in home caregiver services to elderly citizens residing in their homes.

Goal:

- Continue to provide in-home services and assistance to caregivers of the elderly as well as to those elderly who are involved in giving care and support to their disabled child and to persons providing support to those with or those who are taking care of someone who has Alzheimer's disease.
- Maintain the current level of caregiver services in the 2009 biennium

Performance Criteria: Continuation of these funds would provide:

- Respite Care Services - 6,000 units of service
- Personal Care Services - 2,000 units of service
- Homemaker Services - 1,200 units of service
- Adult Day Care - 600 units of service
- Transportation - 100 units
- Skilled Nursing - 50 units of service
- Other services are to provide caregivers information, assistance and information about options available to them.

Milestones: Continuation of these funds will allow SLTC to maintain care giver services at the current level of effort.

FTE: No additional FTE resources required.

**Funding:** This proposal is funded entirely from the general fund.

**Obstacles:** The major obstacle facing the program is finding quality health care workers in rural frontier counties to provide caregiver services.

**Risk:** Studies have indicated that without support, caregivers, especially if they are the sole caregiver for a spouse or loved one, usually end up needing more critical care than the one receiving care. If these funds are not continued, in-home caregiver services to elderly citizens residing in their homes will be reduced.

**LFD  
COMMENT**

The justification does not indicate why the funds are needed, only that the appropriation does not continue. The legislature may wish to ask SLTC to provide an alternative. The risk of care giver burn out and illness could continue to occur even if the funding is approved. The legislature may wish to request that SLTC address this issue.

DP 22112 - Additional SHIP FTE for Aging Services - This request adds about \$92,400 federal funds over the biennium for 1.00 FTE in the Aging Services Bureau for the State Health Insurance Program (SHIP). Current level funding supports 1.00 FTE in SHIP to act as the primary contact point in state government for persons with questions about Medicaid, Medicare, VA benefits for elderly citizens and the new Medicare prescription drug program (Part D), and other elder health related issues. The current FTE travels extensively to provide on-site presentations throughout the state.

DP 22127 - SLTC Alzheimer Grant Continuation - This decision package requests \$290,000 in federal funds over the biennium. This is a continuation of funding for the third year of grant to implement goals and activities required to develop and/or improve systems for assistance to Montanans diagnosed with, or caring for those with, Alzheimer's disease and related disorders.

DP 22501 - Provider Rate Increases - The executive budget includes \$179,013 general fund each year of the biennium for provider rate increases.

## Sub-Program Details

## SLTC DIVISION ADMINISTRATION 04

## Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	264,420	(6,959)	0	257,461	(6,208)	0	258,212	515,673
Operating Expenses	85,849	7,524	0	93,373	9,952	0	95,801	189,174
<b>Total Costs</b>	<b>\$350,269</b>	<b>\$565</b>	<b>\$0</b>	<b>\$350,834</b>	<b>\$3,744</b>	<b>\$0</b>	<b>\$354,013</b>	<b>\$704,847</b>
General Fund	156,580	231	0	156,811	1,646	0	158,226	315,037
State/Other Special	48,280	114	0	48,394	565	0	48,845	97,239
Federal Special	145,409	220	0	145,629	1,533	0	146,942	292,571
<b>Total Funds</b>	<b>\$350,269</b>	<b>\$565</b>	<b>\$0</b>	<b>\$350,834</b>	<b>\$3,744</b>	<b>\$0</b>	<b>\$354,013</b>	<b>\$704,847</b>

The SLTC division administration budget request grows about \$4,000 over the biennium, including about \$1,800 general fund, compared to base budget expenditures. Division administration costs are allocated across all division functions and the budget request maintains the base year funding distribution in the 2009 biennium request. Fixed cost rent increases are partially offset by reductions in personnel services due to position turnover and hiring new entrants at a lower salary level.

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				3,768					4,551
Vacancy Savings				(10,727)					(10,759)
Inflation/Deflation				95					99
Fixed Costs				7,429					9,853
<b>Total Statewide Present Law Adjustments</b>				<b>\$565</b>					<b>\$3,744</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$565</b>					<b>\$3,744</b>

## Sub-Program Details

## ADULT PROTECTIVE SERVICES 05

## Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	39.75	0.00	1.50	41.25	0.00	1.50	41.25	41.25
Personal Services	1,798,321	219,436	71,698	2,089,455	224,947	71,784	2,095,052	4,184,507
Operating Expenses	338,283	92,161	3,000	433,444	102,545	1,300	442,128	875,572
Benefits & Claims	39,665	0	0	39,665	0	0	39,665	79,330
<b>Total Costs</b>	<b>\$2,176,269</b>	<b>\$311,597</b>	<b>\$74,698</b>	<b>\$2,562,564</b>	<b>\$327,492</b>	<b>\$73,084</b>	<b>\$2,576,845</b>	<b>\$5,139,409</b>
General Fund	1,537,303	309,975	0	1,847,278	324,569	0	1,861,872	3,709,150
State/Other Special	244,240	(745)	74,698	318,193	(743)	73,084	316,581	634,774
Federal Special	394,726	2,367	0	397,093	3,666	0	398,392	795,485
<b>Total Funds</b>	<b>\$2,176,269</b>	<b>\$311,597</b>	<b>\$74,698</b>	<b>\$2,562,564</b>	<b>\$327,492</b>	<b>\$73,084</b>	<b>\$2,576,845</b>	<b>\$5,139,409</b>

The Adult Protective Services (APS) program is responsible for the investigation of abuse, neglect, and exploitation of adults. Additionally, the program has about \$40,000 annually to help provide emergency services such as temporary lodging and cleaning. The majority of FTE in the program are adult protective services social workers.

The budget request shows a net increase of about \$0.9 million, primarily in general fund, over the biennium. The most significant increase results from adjustments to base budget personal services that add about \$400,000 over the biennium largely due to reclassification of APS social worker positions. About \$158,000 in lien and estate recovery state special revenue is requested over the biennium to fund 1.50 new FTE. Other components of the budget request are funded almost entirely by general fund and would pay for maintenance of a new computer data base (about \$105,000), replacement cars (about \$48,000), and rent increases (about \$24,000).

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				303,508					309,250
Vacancy Savings				(84,072)					(84,303)
Inflation/Deflation				8,380					8,829
Fixed Costs				(7,213)					(7,213)
<b>Total Statewide Present Law Adjustments</b>				<b>\$220,603</b>					<b>\$226,563</b>
DP 22201 - SLTC Field Office Rent Adjustment	0.00	10,909	0	14,914	0.00	19,527	0	4,863	24,390
DP 22204 - Adult Protective Services Database Maintenance	0.00	50,886	0	52,732	0.00	50,886	0	1,846	52,732
DP 22206 - Dept of Transportation Cars	0.00	11,674	0	11,674	0.00	11,903	0	11,904	23,807
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$73,469</b>	<b>\$0</b>	<b>\$90,994</b>	<b>0.00</b>	<b>\$82,316</b>	<b>\$0</b>	<b>\$18,613</b>	<b>\$100,929</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$311,597</b>					<b>\$327,492</b>

DP 22201 - SLTC Field Office Rent Adjustment - This request totals \$39,304 for the biennium, including \$30,166 in general fund, to pay rent increases. Base year costs were \$111,425. Funding would support an annual rent increase of about 6.5 percent from FY 2006 through FY 2009.

DP 22204 - Adult Protective Services Database Maintenance - This request for \$105,464 over the biennium (\$101,772 general fund) would maintain the APS client database implemented in FY 2006. The database tracks APS cases, complexity and outcomes. This database records documentation for all APS cases and allows managers to equalize caseload among APS field staff based on acuity measures that were incorporated into the database.

**LFD  
ISSUE**

The APS data base was completed in FY 2005 and was operational beginning in FY 2006. It also appears that the maintenance contract was funded throughout FY 2006. The maintenance costs were paid in the base budget.

DP 22206 - Dept of Transportation Cars - This request for \$47,155 total funds over the biennium including \$23,577 general fund would replace six cars owned by SLTC with cars leased from the state motor pool. One of the cars has major mechanical problems and five of the cars have over \$125,000 miles.

**New Proposals**

New Proposals										
Sub Program	Fiscal 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22239 - Adult Protective Services Field Staff										
05	1.50	0	74,698	0	74,698	1.50	0	73,084	0	73,084
<b>Total</b>	<b>1.50</b>	<b>\$0</b>	<b>\$74,698</b>	<b>\$0</b>	<b>\$74,698</b>	<b>1.50</b>	<b>\$0</b>	<b>\$73,084</b>	<b>\$0</b>	<b>\$73,084</b>

DP 22239 - Adult Protective Services Field Staff - This request adds \$147,782 in lien and estate recovery state special revenue over the biennium to fund 1.50 FTE field staff for APS referrals. The new staff would be 0.50 FTE to work exclusively with tribal issues on the Fort Peck Tribal Reservation and 1.00 FTE to meet increasing needs for guardianships and referrals. This FTE would be allocated across the state based on data gathered from new workload/caseload management system Operation Protect Montana (OPM), which has replaced APS use of the Child and Adult Protective Services system.